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RUSSIA
Party spirit fades in the factories
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World News

Envoy from Lebanese kidnappers to visit UN

Lebanese kidnappers said they were sending an envoy to the United Nations within 48 hours in an attempt to end the ordeal of western hostages, including two Americans held for more than six years, Reuter reported from Beirut.

In a statement accompanied by a photograph of one of the hostages, Terry Anderson, the American Middle East bureau chief of the Associated Press news agency, Islamic Jihad, a pro-Iranian Shia group, said its envoy would deliver a very important message to the UN secretary-general. Page 4; Baker may return to Middle East, Page 10

Zaire conference to open
A national conference on Zaire's political future, which will mount the most severe challenge yet to the 26-year-old dictatorship of president Mobutu Sese Seko, is due to open today in Kinshasa. Page 4

Turkey attacks Kurds
Turkey launched army raids inside northern Iraq yesterday against guerrillas of the Kurdish Workers party, the Turkish separatists fighting for an independent Kurdistan in south-east Turkey. Page 10

Buthelezi defends policy
South African Zulu leader Chief Mangosuthu Buthelezi said he saw nothing wrong in principle with his Inkatha Freedom party receiving money from the country's white rulers. The funding had been wrong only because it was made secretly, he told a Hong Kong press conference.

Volcano 'is subsiding'
The volcanic Mount Pinatubo in the Philippines is beginning to subside after 59 days of eruptions that have killed more than 400 people, the government's chief volcanologist, Raymundo Punongbayan, said.

Gulf pollution study
A research ship of the environmental group Greenpeace docked in Manama, Bahrain, to begin a two-month study of marine and air pollution caused by the Gulf war.

Mauritian election called
Mauritian prime minister Sir Anerood Jugnauth dissolved parliament and called a general election for September 15, one year ahead of schedule. The opposition has been calling for fresh elections.

26 die in Sri Lanka clash
Five soldiers and 21 Tamil rebels were killed in a clash at Elephant Pass in northern Sri Lanka as government troops continued to mop up after relieving a besieged army garrison, military sources said.

Bulgaria backlash feared
Ex-king Simeon of Bulgaria said in Madrid that disappointment at the slow pace of reform in his homeland might create a backlash favouring the former Communist party and the emergence of new extremist groups in elections next month.

Italian poll next spring
Italy's four-party coalition government has agreed to a package of measures, including a commitment to hold a general election next spring, which removes the threat of a new government crisis and early polls. Page 2

Justice minister resigns
Jaime Giraldo, Colombia's justice minister and architect of a controversial policy offering leniency to surrendering drug traffickers, has resigned. Page 3

Six Amish are killed
A man who police believe had been drinking was arrested after his pickup truck slammed into a horse-drawn buggy, killing six members of an Amish family at Mount Gilead, Ohio, authorities said. Four other people were injured.

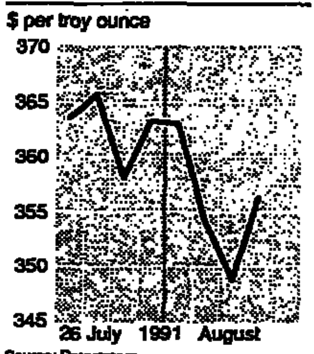
Business Summary

US Federal Reserve cuts key rate by quarter point

The US Federal Reserve, the country's central bank, yesterday moved to revive the flagging US economic recovery by intervening in credit markets to signal a quarter point reduction to 5¾ per cent in the key federal funds rate, the rate at which banks borrow from each other. It was the first easing of monetary policy since April. Page 10; Lex, Page 10; World stocks, Page 32; Currencies, Page 28

PLATINUM: Short-covering after the recent heavy fall to a 5½-year low lifted platinum prices. The $7.60 rise to $356.35 a troy ounce wiped out Monday's decline and greatly narrowed the discount against gold. Dealers ignored the claims about a magnesium-based autocatalyst threatening platinum's biggest market. Commodities, Page 20; White metal, blue market, Page 8; Impala buys 38% stake in Barplats, Page 14; World stocks, Page 32

Platinum
$ per troy ounce



Source: Datastream

CORNING, US speciality glass group, and Vitro, Mexico's largest glass manufacturer, plan to combine their consumer housewares operations in a jointly owned business with annual sales of more than $800m. Page 11

NATIONAL WESTMINSTER Bank, UK's second largest clearing bank, has appointed John Melbourn, former head of its corporate and institutional division, as chief executive group credit risk. NatWest reported bad-debt provisions of £902m ($1.5bn) for the first half of 1991 which cut its interim profits by more than 75 per cent to £101m. Page 11; Bad debts, Page 18; Lex, Page 10

DEN NORSKE Bank, Norway's biggest bank, announced that net losses nearly trebled to NKr921m ($136.7m) in the first half of the year, compared with NKr384m in the previous corresponding period. Page 11

WERNER REY, the Swiss financier who was chief of the collapsed Omni group of companies, neglected his duties under German company law in a number of respects, according to a special report issued by Arthur Andersen, the international accountancy firm. Page 11

KIRIN BREWERY, largest Japanese beer producer, reported a 6.2 per cent increase in pre-tax profit to Y36.9bn ($267.4m) for the first half to end-June. Page 15

EUROPEAN COMMISSION has proposed measures to protect European banks and businesses against possible Iraqi claims for billions of dollars over unfulfilled contracts when the present embargo on trade with Iraq is lifted. Page 4

WILLIAM SEIDMAN, head of the US federal agencies responsible for the savings and loan rescue and for the fund insuring bank deposits, is to resign. Page 3

SIEMENS-Nixdorf Information Systems, the computer group, is to cut 3,000 jobs by the end of 1992 in an attempt to stem continuing losses. About 60 per cent of the jobs will go in Germany and 40 per cent elsewhere. Siemens-Nixdorf currently employs 52,000 people, 15,000 outside Germany.

Soviets warn west as Paris calls WEU defence talks

EC may restore aid to some Yugoslav groups

By David Gardner in The Hague and Judy Dempsey in London

THE European Community yesterday decided to consider reopening aid and credit lines to the parties within Yugoslavia backing its efforts to resolve the ethnic conflict in the country.

The move came as the Soviet Union warned the west against any military involvement in the Yugoslav crisis, saying it would lead to a conflict embracing all of Europe. A government statement carried by the official news agency, Tass, said a thin line separated friendly assistance and unacceptable interference in the internal affairs of another nation.

"To enter – whether unwillingly or because of egoistic temptations – on one side in the conflict would mean to come into conflict automatically with others, inside and outside Yugoslavia," it said. "And the conflict would grow into an all-European one."

The Soviet warning followed the involvement for the first time of the nine-nation Western European Union (WEU) defence organisation – at present on a purely contingency basis. The WEU will meet at ambassador level in London today.

The WEU, which France in particular sees as the nucleus of a future European defence identity, is, at the instigation of Paris, to start preparing for a possible role in "the maintenance of an agreed ceasefire".

The fresh moves by the EC, agreed by Community foreign ministers meeting in The Hague, are directed particularly at the Serbian leadership which has blocked efforts to bring about a negotiated solution. On the basis of separating out aid to Yugoslavia into commitments to its constituent republics, the European Commission is to report on how to disburse some Ecu900m in soft loans, frozen in July, to those republics which accept mediation.

The decision coincided with a renewed effort by the Yugoslav central authorities to impose a ceasefire between Serbs and Croats in the republic of Croatia.

The ceasefire, hastily arranged by a special commission drawn up by Yugoslavia's collective presidency, was expected to be declared at midnight last night, according to Tanjug, the Yugoslav news agency. But it was unclear how the ceasefire would be implemented and who would monitor it. The leadership in Croatia expressed doubts that it would hold.


Croatian national guard members operate an anti-aircraft gun near Zagreb

Bonn rejects sanctions against Serbia..............Page 2

Mr Zvonimir Separovic, Croatia's foreign minister, yesterday said thousands of volunteer fighters from Serbia were moving towards Krajina, in the south of Croatia, to prepare for a fresh offensive against towns south of Zagreb, the republic's capital.

Krajina, a self-proclaimed autonomous region of Croatia inhabited by Serbs, seeks unity with the republic of Serbia. But Serbs in Croatia yesterday pledged they would adhere to a truce.

Mr Milan Brezak, deputy interior minister of Croatia, said 114 Croatian policemen and national guardsmen had been killed in fighting between Serbs and the federal army since August 17. More than 300 people have died since Croatia, along with Slovenia declared independence on June 25.

Mr Roland Dumas, the French foreign minister, said after the EC meeting in The Hague that there were no significant objections to France's call for a WEU buffer force between Serbs and Croats.

Mr Hans van den Broek, foreign minister of the Netherlands which holds the EC presidency, made clear, however, that there was no question of the WEU "enforcing" peace.

However, Mr Dumas insisted that "it is not excluded that a buffer force could be called on and we have got to be ready for it". The Croatian government said it did not want foreign troops in a buffer zone in Croatia.

Mr Separovic said acceptance of such a force would mean the de facto loss of large parts of Croatia already captured by Serb nationalists.

Head of Russian Communist party resigns

By John Lloyd in Moscow

THE general secretary of the Russian Communist party resigned yesterday, bowing to criticism from liberal communists and his own hardline faction.

Mr Ivan Polozkov has been a constant if ineffective critic of President Mikhail Gorbachev's reformist course, and his departure is a sign of the further fragmentation of Soviet communism on both its hardline and liberal wings.

Mr Polozkov's resignation, reported in a terse announcement from the Tass news agency last night, came during a two-day central committee plenum of the Russian party.

He had suffered a string of political defeats and setbacks. The most important was his attempt in April to unseat Mr Boris Yeltsin as chairman of the Russian Supreme Soviet, before Mr Yeltsin ran for the presidency in June. The attempt ended in strengthening Mr Yeltsin and weakening the influence of the Communist party everywhere.

At the same time, communist candidates slumped to humiliating defeat in the mayoral races in Moscow and Leningrad, while the Russian party saw members, especially from among the liberals, leave in their millions.

Last weekend, the Communists for Democracy group within the RCP, under the leadership of Mr Alexander Rutskoi, the Russian vice-president, decided to form a party later in the year.

Mr Polozkov in recent months has attracted sharp criticism from party secretaries in Siberia – former supporters. They criticised him, along with Mr Gorbachev, saying the leadership was out of touch with feelings in the country. The last plenum of the Russian Communist party in May voiced criticism of its loss of influence, especially among young people.

Mr Polozkov, elected at the founding conference of the Russian Communist party last June, was appointed to his post by the hardliners who took early control of a party which was only granted formal independence from the Soviet party a little over a year ago.

He had attracted their approval by his hardline policies as first secretary of the Krasnodar regional party, and from the start of his period of leadership welcomed the title of a "conservative".

Bank of England in US tussle over BCCI documents

By Alan Friedman in New York and David Lascelles in London

A US Congressional committee investigating the Bank of Credit and Commerce International (BCCI) affair is engaged in a tussle with the Bank of England over a series of documents which it considers crucial to its probe.

Representatives of the banking committee of the House of Representatives met officials at the British embassy in Washington on Monday and were told that the documents could not be released.

The committee had issued a subpoena to the Federal Reserve Board, the Bank's US counterpart, requiring it to turn over BCCI-related documents obtained from the Bank by today's close of business.

The tussle points to what is likely to be a growing international tug-of-war as the numerous public inquiries into BCCI in the US seek to obtain key documents which are treated as confidential elsewhere.

A Fed official said last night that the decision on whether to release the documents would be taken by Mr Alan Greenspan, its chairman.

It also emerged last night that Mr Eddie George, the deputy governor of the Bank of England and a key figure at the UK end of the BCCI inquiry, had arrived in Washington where he was expected to hold meetings today with the Fed to discuss the congressional demand for documents.

It was not certain whether Mr George would be meeting Mr Greenspan directly.

At the British embassy in Washington, an official confirmed the Monday meeting with congressional staff. He said the issue was not a matter for the UK government, but for the Bank of England.

"We are only acting as a messenger for the Bank," he said. The Bank "wishes to co-operate in order to work out an arrangement that is satisfactory to all parties".

It is understood that the Bank of England is concerned that divulging some of the more sensitive BCCI documents to the US Congress could prejudice the willingness of regulatory authorities to co-operate in such matters in future.

A Bank spokesman said: "This is an area where we have
Continued on Page 10

The BCCI shutdown, Page 5

Invergordon rejects £286m bid by Whyte & Mackay

By Philip Rawstorne in London

INVERGORDON Distillers, the fifth largest Scotch whisky producer, yesterday rejected a £286m ($480.5m) takeover bid from Whyte & Mackay, drinks subsidiary of American Brands, the US tobacco group, describing it as "wholly inadequate".

Invergordon, one of four quoted whisky independents, returned to the stock market last year in a £171m flotation after a £92m management buy-out two years earlier.

The move made several directors millionaires and brought valuable bonuses to about 200 employees. Together, they hold about 13 per cent of the company.

Dr Chris Greig, managing director, and his family saw their original stake increased 35-fold. They have a 3.3 per cent stake – valued on yesterday's bid at more than £9m.

Other substantial individual shareholders include Mr Geoffrey Whittaker, marketing director, and Mr Charles Craig, who recently retired as chairman.

Institutional shareholders, most of whom backed the management buy-out, have a strong Scottish flavour. They include Robert Fleming, the Bank of Scotland, Scottish Amicable and Edinburgh Investment Trust.

Whyte & Mackay, which made pre-tax profits of £17.5m in the 15 months to December 1989, and whose brands include Claymore and Crawford's whisky and Vladivar vodka, was itself acquired last year by American Brands, through its UK tobacco company, Gallaher, for £160m.

It is offering 225p for Invergordon's shares, a premium of 38 per cent on Monday's closing price of 163p. The shares closed 92p higher last night at 255p, as speculation grew that other drinks groups might intervene. Pernod-Ricard of France and Suntory of Japan were two groups mentioned as possible bidders.

Mr Michael Lunn, Whyte & Mackay's chairman and chief executive, said yesterday that the senior managements of the two companies had held a number of informal discussions over the past few years "during which the commercial logic of a merger was recognised by both".

However, a formal approach three weeks ago to negotiate a recommended offer had made no progress.

Whyte & Mackay said that a merger of the two operations would form the third largest Scotch producer, with more than 9 per cent of the world market. It would give the critical mass – backed by the financial resources of American Brands – to generate growth and create a broader drinks portfolio and improved distribution network.

Invergordon, with pre-tax profits last year of £22.7m, owns four malt distilleries and a grain distillery. It is building a £10m white spirit distillery on the Thames at Greenwich in a joint venture with Tunnel Refineries.

Lex, Page 10
Background, Page 11

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Hashimoto badly wounded by Japan's financial scandals

While prime minister Toshiki Kaifu has emerged from the spate of scandals in remarkably good shape, the career of finance minister Ryutaro Hashimoto (right) seems to have been dealt a serious blow
Page 4

MARKETS

STERLING
New York lunchtime:
$1.714
London:
$1.712 (1.71)
DM2.9325 (2.94)
FFr9.9675 (10.0075)
SFr2.5575 (2.5625)
Y232.25 (233.75)
£ Index 91.10 (91.2)

GOLD
New York: Comex Dec
$363.1 (362.7)
London:
$357.7 (356.35)

N SEA OIL (Argus)
Brent Sep
$19.525 (19.575)

Chief price changes yesterday: Page 11

DOLLAR
New York lunchtime:
DM1.71
FFr5.8165
SFr1.4945
Y135.65
London:
DM1.7125 (1.72)
FFr5.8225 (5.8525)
SFr1.4945 (1.4985)
Y135.65 (136.65)
$ Index 66.8 (66.1)
Tokyo close: Y136.68

US lunchtime rates
Fed Funds: 5⅝%
3-mo Treasury Bills:
5.545%
Long Bond:
99⅜
yield: 8.174%

STOCK INDICES
FT-SE 100:
2,573.3 (−12.1)
FT Ordinary:
1989.0 (−10.4)
FT-A All-Share:
1,229.31 (−0.5%)
New York lunchtime:
DJ Ind. Av.
2,998.88 (+9.84)
S&P Comp
387.35 (+2.29)
Tokyo: Nikkei
23,464.96 (−368.29)

LONDON MONEY
3-month interbank:
10$\frac{15}{16}$% (10$\frac{31}{32}$)
Liffe long gilt future:
Sep 93$\frac{7}{32}$ (93⅜)

EUROPEAN NEWS

Doubt cast on Soviet target for rouble

By **Leyla Boulton** in Moscow

THE SOVIET government will be unable to meet its target of making the rouble internally convertible from January, Mr Oleg Mozhaiskov, of the Soviet Union's central bank, warned yesterday.

Convertibility was more likely to happen in 1993, Mr Mozhaiskov, head of the Gosbank's bank's foreign currency and economic research department, said. The Soviet Union lacked the reserves and technical expertise to introduce partial convertibility next year as agreed with the republics.

Professor Ivan Ivanov, who resigned as deputy chairman of the government's foreign economic relations commission last week, echoed Mr Mozhaiskov's warning. He said the January target was unrealistic because Moscow would not get the western stand-by credits it was counting on to implement the plan.

The rouble's non-convertibility is a serious obstacle to foreign investment – but making it convertible requires sufficient reserves to ensure a stable exchange rate, and a market which is not starved of assets and goods for sale.

Mr Mozhaiskov suggested that in the meantime, however, the Soviet Union would seek to "refinance" its $62bn foreign debt to release hard currency resources to import machinery and spare parts for industry.

Professor Ivanov said that he and other experts had drawn up contingency plans for restructuring Soviet debt – mentioned by President Mikhail Gorbachev in a 23-page letter to Group of Seven leaders.

But he said the plans had not been presented at last month's London summit meeting because the Soviet side had not wanted to make money the main issue of the talks.

The two men gave few details. But Mr Mozhaiskov said the Soviet Union would be paying around $15bn a year to western creditors on short-term debts for the next few years.

He said there were presently arrears of $3.5bn-$4n on such debts but this was mainly the fault of importers acting independently from the state.

Workers see decree as unwelcome eventuality

John Lloyd on the Russian reaction to the banning of Communist Party activities in the workplace

WORKERS at the Red October steel plant in Volgograd in southern Russia have taken down the Communist Party sign that used to hang on their office door.

For many party secretaries, taking down the sign seems more of a logical step than a wrench.

At other Russian plants, party organisers are less than enthusiastic about the decree from their president, banning party activity in the workplace.

Three days after President Boris Yeltsin's decree banning party activities in the workplace took effect throughout Russia, officials who run – or ran – the Communist Party organisations in various enterprises show three kinds of response.

Mr Efim Shusterman, editor of the radical Volgograd newspaper, Novaya Gazeta, puts it this way: "Some say that the decree must be carried out; some come out openly and say it is unconstitutional; some say it must be carried out but do everything to put it off."

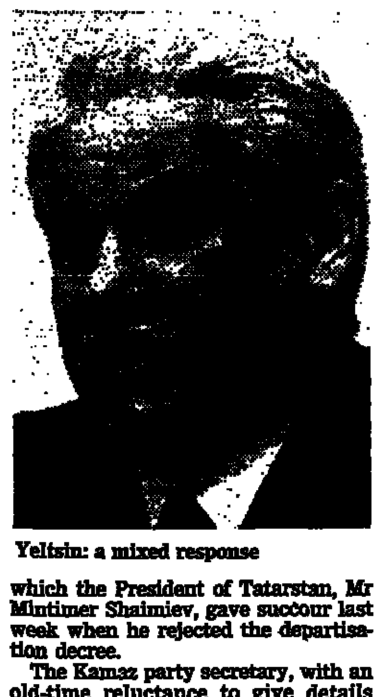
Mr Alexander Diduchenko, party secretary at New Times weekly – the flagship current affairs journal – is among the first group of enthusiastic "de-partisers", which seems to be in the majority. He pulls a limp form, listing the members at the magazine, from a drawer. He counts off 68 – but says "Many of these are now pensioners. Of those paying their dues regularly" – he counts once more – "only 20." But the official membership is 68? "Yes, it used to be that the district committee struck off any member who didn't pay after three months. Now, they don't hurry to do that."

Mr Diduchenko, a lifelong journalist and party activist, says that "there is no future for the party here, nor should there be." He seems a little sad, however, when he says that "we are not consulted about anything any more." And before? "It depended on the personality of the editor and on that of the party secretary. A strong secretary and a weak editor could mean the secretary had a lot of influence, especially on the choice of staff.

"But the editor of the important papers always had a direct link to the ideology committee of the Central Commitee: and in this magazine, when I joined, the deputy editors were both former KGB officials." (New Times was well known as a "cover" for KGB officers abroad). Mostly, "we had the privilege of defending unpopular decisions."

Mr Vladimir Vylegzhanin, party secretary of the Kamaz truck plant in Tatarstan, 900 kilometres east of Moscow, is a member of the second group, who hope to defy the decree. The party organisation in the plant has 50 workers organising thousands of communists among the 140,000-strong workforce – although Mr Vylegzhanin will not say how many are full time, how many part time.

Kamaz's boast is that it is the world's biggest truck plant: Mr Vylegzghanin's boast is that his organisation will stay. "We live in sovereign Tatarstan: Yeltsin's decree does not apply to us" – a point which Mr Yeltsin would dispute, but one to which the President of Tatarstan, Mr Mintimer Shaimiev, gave succour last week when he rejected the departisation decree.



Yeltsin: a mixed response

The Kamaz party secretary, with an old-time reluctance to give details about his organisation, nevertheless insists that it works for the good of all: "we make no division in our work between party and non-party members: we are all Kamaz people here."

In the Volgograd region, an area of gigantic industrial plants whose workers are part of the proletarian mythology of the Communist Party, the norm is quite the opposite. At the regional executive committee, a party of 700 is about to dissolve itself. Says Mr Ivan Uzkov, the secretary for 10 years: "There is no question of organising ourselves against the decree."

At the Red October steel plant, Mr Nodari Ordzhonikidze, a descendant of Stalin's famous henchman and fellow Georgian Sergo Ordzhonokidze, says: "Our party committee has already taken the sign off the door. In the present situation, it's hard to see if this is good or bad." And at the Barricades Factory, once a producer of SS20 missiles and now trying to convert to civilian production, the management had told the party committee to disband months before.

Mr Vladimir Chekunov is perhaps one of the last kind: those who will obey the decree, but who will seek ways round it. He is head of the Party Control Commission at Moscow State University – the summit of the Soviet education system, a vast Stalin-style witches castle on the Lenin hills. A thin, open man in his mid-forties, he is one of some dozen full-time workers who tend the 7,000 communists at the vast institution: his job is to look after the party's finances and police the party rules.

In his account, the University party has lost only 1,000 members in the past year – much less than the 20 – 25 per cent drop in the party as a whole. Nearly all the professors are members – "they used to have to be so" – and about 1,500 of the student body have joined (though most of those who wished to make the "socialist choice" would be in the Young Communist League).

It is holiday time: he sits in his large, wood-pannelled office in casual clothes with little to do – "though usually my working day is about 12 hours. "Because of the holidays, the party executive cannot convene the meetings necessary under their rules to discuss the decree: that must wait until the term starts again next month.

Mr Chekunov's own opinion is that it is a shame: but that it will make little difference, since the party already operates outside of working hours. "We pay rent for these offices: our salaries are paid by the distict committee; our meetings are all after working hours."

The pity, as he sees it, is that under Mr Ivan Melnikov, the university party secretary and, from last month, a central committee secretary too, the Party built up a co-operative and open style of work which is aimed at supporting the faculty in hard times – opening the University up to the market so that it can make some money to arrest its manifest decline; giving counsel to students, whether in the party or not; proposing to the other parties which have sprung up – social democrats, christian democrats, anarcho syndicalists, "but all with just 30 or 40,members" – that they all join in the formation of a political discussion centre. He wants that to stay: he hopes the Soviet procurator will find the decree unlawful; but if not – "we work within the bounds of the constitution."

Cyprus talks next month 'too early'

A TURKISH-Cypriot official yesterday rejected President Bush's suggestion for holding a four-party meeting on the Cyprus issue in September, saying it was "too early", agencies report from Istanbul.

Mr Kenan Atakol, the minister of defence and foreign affairs of the breakaway Turkish Republic of Northern Cyprus, said further time was needed for adequate preparations for the meeting.

Mr Bush announced in Washington last week that Turkey and Greece had agreed to meet in the US with representatives of the internationally-recognised Cyprus government and the Turkish-Cypriot state. The talks would be held in September if the two sides had narrowed their differences.

Turkish and Turkish-Cypriot officials had cautiously welcomed the announcement, saying the proposed meeting amounted to an acceptance of the four-party talks Ankara had proposed earlier. "I believe September will be too early," Mr Atakol said. "I don't think necessary preparations could be completed by then."

He spoke after meeting Turkey's premier Mesut Yilmaz, held during a convention of foreign ministers of the Organisation of the Islamic Conference. Turkey is backing a Turkish-Cypriot bid for membership in the organisation.

Mr Atakol said Turkish-Cypriots would insist on "full equality" with the Greek-Cypriots in a settlement. "Equality means Greek-Cypriot acquiescence to a rotating presidency, equal representation in (the projected federal) government, and strengthened guarantees from Turkey," said Mr Atakol.

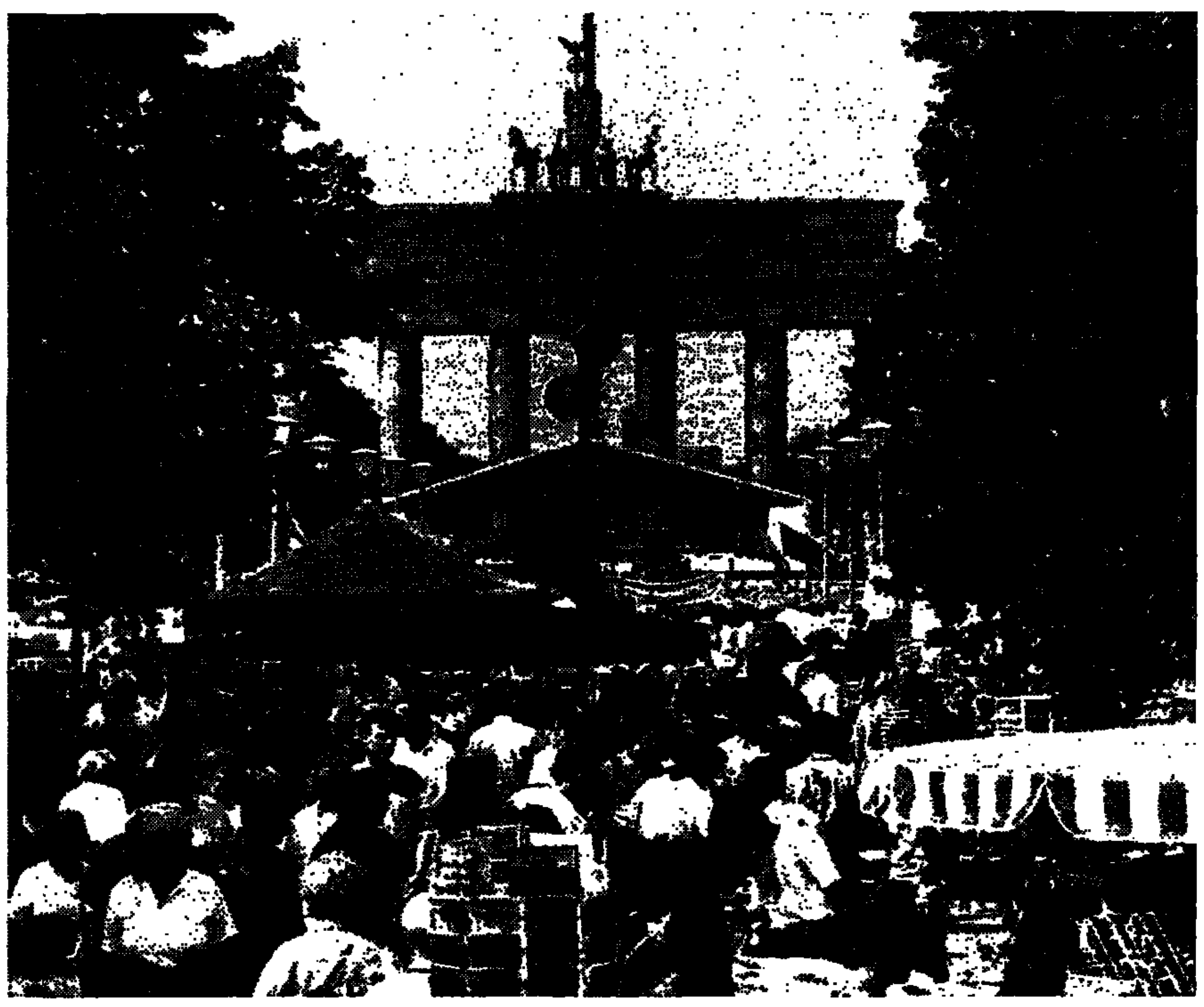
Mr Bush, who visited Greece and Turkey last month, called on the two countries to work toward a compromise that would settle the dispute.

Prices rise 35% in Hungary

HUNGARIAN consumer prices rose an average 35.7 per cent in the first six months this year, against the equivalent period last year, the Central Statistical Office said yesterday, Reuter reports from Budapest. But it added that there was a slowing of month-on-month inflation, reflected in a 2.1 per cent rise from May to June.

Prices have soared this year as the government was trimming state subsidies to try to create a market economy after four decades of Communist central planning. Heating and household energy prices rose most – by more than 30 per cent within a month, and over 120 per cent beyond those of a year earlier.

All other categories rose also, except that of food prices, which dipped 2.8 per cent.



Berlin's Brandenburg Gate completes an 'eventful 200 years'

Berliners celebrated the two hundredth birthday of the Brandenburg Gate yesterday with a public festival which included symphonic music, speeches and fireworks. The neo-classical arch has symbolised at different times Prussian might, united German empire, Nazi megalomania, Germany's Cold War split along the Berlin Wall and finally its democratic reunification.

"After an eventful 200 years, the Brandenburg Gate is a splendid landmark for the unity and freedom of all Germans," said Chancellor Helmut Kohl, who engineered the merger in 1990 after the disintegration of East Germany.

The Gate, the staging ground for huge military parades and nationalist pageantry during the imperial and Nazi eras, was the centre of controvery last month when it was re-crowned with a restored replica of its Quadriga chariot statue complete with the iron-cross and eagle banners evoking German imperial power.

Bonn officials dismiss sanctions against Serbia

By **David Goodhart** in Bonn

THE proposal by Mr Hans-Dietrich Genscher, the German foreign minister, to impose European Community economic sanctions against the Yugoslav republic of Serbia was yesterday dismissed as unrealistic by government officials specialising in the Yugoslav economy.

"I cannot think of any practicable way of hurting Serbia without affecting the other parts of the federation," said one official in the Bonn Economics Ministry.

Even the Foreign Ministry, from where the sanctions idea came, accepted that it was not possible to isolate Serbia within the unified economic space of Yugoslavia. However, an official stressed the idea was more of a political signal, given more force by the fact that it originated from Germany, and in particular from the Foreign Ministry, which is usually a passionate opponent of economic sanctions.

Nevertheless, Mr Genscher, who has spoken out forcefully against plans by Serbia to expand its territory into the neighbouring republic of Croatia, now appears determined at least to consider the whole spectrum of economic, trade and political sanctions against Serbia, despite the reservations about the practicality of economic sanctions.

As it stands, it is difficult to see what economic leverage Mr Genscher can impose. The bulk of Germany's trade with Yugoslavia is with the republics of Slovenia and Croatia, which declared independence on June 25, and with the central republic of Bosnia-Hercegovina.

Last year Germany was Yugoslavia's third most important trading partner, behind the Soviet Union and Italy, and the biggest importer of Yugoslav goods. Yugoslav exports to Germany were worth DM7.3bn ($4.2bn), and German exports to Yugoslavia DM8.2bn.

The suspension of export credit for goods directed to Serbia might theoretically be possible but, in Germany at least, no government-backed export credit guarantees are currently being given for Yugoslav trade.

At the EC level, the European Investment Bank has recently agreed a DM1.5bn loan to Yugoslavia for infrastructure projects. It might be possible to suspend that for projects in Serbia alone. Before June 25 the EC was close to concluding a trade and finance treaty with Yugoslavia for 1992-1996 which is now in suspension.

One official added that, in the light of the Yugoslav national bank's refusal to lift the ban on credits and money to Slovenia, it might be appropriate to deal directly with that republic's recently created central bank.

The Yugoslav national bank imposed a ban on all credits to Slovenia after June 25. Its board, which Slovene economists say is dominated by Serbia's supporters, refused to comply with the Brioni agreement reached between the EC and Yugoslavia's political leaders on ending all sanctions against Slovenia.

New lease of life for Italy's coalition

By **Haig Simonian** in Milan

ITALY'S four-party coalition government has agreed to package of measures, including a commitment to hold a general election next spring, which removes the threat of a new government crisis and early polls.

It will mark the first time an Italian legislature has served its full five-year term since 1968. The current term expires June; the election will probably be held the month before.

The accord follows growing warnings from Mr Bettino Craxi, the Socialist party leader, that failure to resolve vital issues like the timing of the election could bring down the government.

In a three-hour meeting between Mr Giulio Andreotti, the prime minister, and party leaders on Monday night, a compromise was also reached on the government's plans for pensions reform which the socialists blocked at the last minute last week.

Under the compromise, the cabinet will give outline approval to the pension package, which raises pensionable age and increases pension contributions, at its final meeting before the holiday break today.

However, bowing to socialist demands, approval for the measures, which are designed to save Italy's overstretched state pensions system from eventual collapse, will only come after further consideration in September, after which a bill will be presented to parliament.

The talks between Mr Andreotti and the party leaders amount to a pact between the coalition parties for the closing months of the current legislature.

A firm date for the next general election must be set by president Francesco Cossiga, who yesterday met Mr Andreotti for a briefing on Monday night's talks.

Also on the list of issues to be tackled are electoral reform, measures to alter the way the constitution is changed, and steps to combat organised crime.

However, differences between the coalition parties on both electoral and constitutional issues mean that real progress is unlikely until after the election.

Bundesbank council member says discount rate rise overdue

By **Katharine Campbell** in Frankfurt

A RISE in Germany's discount rate is long overdue, Mr Karl Thomas, a senior Bundesbank council member, said yesterday. He also stressed that the rate at which the central bank buys in bills, currently at 6.5 per cent, had largely lost its signalling function as a "key" interest rate to the market.

The central bank policy council reconvenes after the summer recess on August 15, with Mr Helmut Schlesinger at the helm, amid strong indications that interest rates could be raised. The July inflation rate of 4.5 per cent exceeded even the bank's expectations.

The German Federation of Industry and Trade has also issued a plea for the Bundesbank to preserve the stability of the D-Mark, if necessary by "painful means". The federation explained yesterday that, while higher interest costs and a stronger D-Mark might hurt industry in the short term, "stable monetary conditions" remained the "essential basis for calculating costs", and that inflation was not the answer to slowing growth.

Mr Thomas, who also heads the Hesse Landeszentralbank, suggested it was now largely a question of by how much the current 2.5 percentage point gap between the discount and Lombard rates was narrowed. The Lombard facility provides emergency funds for the banks, and has been set at 9 per cent since the end of January.

The recent appreciation of the D-Mark against the dollar had provided some relief on the inflation front, according to Mr Thomas, indicating that the pressure for a Lombard rise as well had abated.

At the moment, the low discount rate was acting as a subsidy to banks' refinancing operations that was "inconsistent with a tough monetary policy stance", said Mr Thomas. The Bundesbank had noticed in recent months that domestic banks had passed steadily less of the subsidy on to their customers.

The discount rate applies to DM80bn ($45.7bn) of the DM210bn worth of bank refinancing obtained at the central bank window. It has been kept lower largely to smooth the east German banks' transition into the western financial system following currency union.

Jobless total up in western Germany

UNEMPLOYMENT rose in the former West Germany in July, having fallen steadily for the past four months, figures from the Federal Labour Office confirmed yesterday, Reuter reports from Nuremburg.

The number of people out of work last month rose by 100,000 to 1.69m, or 6.3 per cent of the workforce, from 1.59m in June. That compares with 7.1 per cent in July the year before. Adjusted seasonally, the total rose to 1.71m from 1.68m in June.

The number of workers on short time, however, fell by just over 16,000 to 146,205. Vacancies in July fell by 10,558 to 353,073.

The office also confirmed yesterday that eastern Germany's jobless level rose to 12.1 per cent in July from 9.5 per cent in June.

Siemens-Nixdorf to shed 3,000 staff

By **David Goodhart**

THE COMPUTER group Siemens-Nixdorf Information Systems is to cut 3,000 jobs by the end of next year in an attempt to stem continuing losses.

The company, formed when Siemens took over troubled computer group Nixdorf in January 1990, said yesterday the job cuts would contribute to savings of DM600m ($342.8m) in operating expenses.

About 60 per cent of the jobs will go in Germany and 40 per cent elsewhere. Siemens-Nixdorf currently employs 52,000 people, 15,000 outside Germany.

It is the second large round of job cuts at the company. Shortly before the Siemens takeover, Nixdorf, the once high-flying computer group, announced it would cut 4,000 jobs. The group is expected to lose more than DM350m in the current year (to September 30) after operating losses of more than DM800m in the previous year, extended because of the takeover.

Two thousand of the job losses will be in marketing and services and 1,000 in production. Outside Germany the countries most affected are likely to be Spain, France and the UK.

Mr Jochen Doering, company spokesman, said the reductions were not expected to be implemented until late 1992 pending negotiations with the trade unions and other workers' groups. More than 1,000 jobs had already been cut in Spain, France and the UK.

Tales of sex and intrigue leave Spaniards cold

By **Peter Bruce** in Madrid

ONE OF the worst ideas in modern European publishing went belly-up in Madrid yesterday, avoiding a chorus of "I-told-you-so" only because the entire capital has taken to the beaches for August.

The idea has tempted media magnates for years: few people read newspapers in Spain and, as the Spaniards are a frivolous lot, why not sell them a scurrilous and sensationalist newspaper?

Four months ago Axel Springer, the conservative publishers of Europe's largest such newspaper, Bild, in Germany, and Prensa Española, the even more conservative publishers of Spain's second-largest daily, ABC, launched Claro. It was the first serious attempt, since Franco's death in 1975, to test the idea.

Claro aimed to emulate Bild, a newspaper which at first glance looks like a Rorschach test. Its typographical terrorism has made it the butt of many jokes but it sells more than 5m copies a day.

On a normal day a Bild front page might comfortably mix royalty, sex, the Cold War and German political intrigue – an unashamedly garish mixture designed to amuse readers and terrify politicians. In Spain it was assumed that hundreds of thousands of Spaniards would also be desperate for the same potion as an antidote to the grey mass of the country's existing daily newspapers, read by only 8 per cent of the population.

Springer and Prensa Española invested in two new presses, a modern new headquarters for the newspaper's staff and were predicting sales of about 300,000 by the end of the first year.

By the time Claro folded yesterday the two partners had each lost about DM60m ($34.2m). Prensa Española, shocked at the scale of failure, had wanted to pull out rather than inject another DM100m needed to keep the paper afloat another two years. Springer decided not to proceed alone.

The publishers were claiming a daily sale of 130,000, but there are few people in Spain who would accept that.

Trouble between the partners flared early when the first editor was fired a few weeks after initial publication. He was followed by a German journalist, his successor, who could not speak Spanish but who at least understood the secrets of Bild's success – it is fun and, more often than not, reliable.

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AMERICAN NEWS

Thrifts rescue chief set to step down

By Peter Riddell, US Editor, in Washington

MR William Seidman, head of the US federal agencies responsible for the savings and loan rescue and for the fund insuring bank deposits, intends to resign in two months' time.

The 70-year-old Mr Seidman yesterday wrote to President Bush saying he intended to leave his position as chairman of both the Federal Deposit Insurance Corporation (FDIC) and the Resolution Trust Corporation (RTC) on October 16.

The announcement will come as a relief to the White House which last year sought to edge out the independent-minded and outspoken Mr Seidman. Reports that Mr John Sununu, the White House chief of staff, wanted to see Mr Seidman depart helped persuade him to stay on, especially when members of the congressional banking committees rallied round him.

Relations subsequently improved and Mr Nicholas Brady, the treasury secretary, wanted him to stay on for discussions over the Treasury's plan to reform the deposit insurance and banking system.

Mr Seidman will leave just before his six-year term as FDIC chairman expires in November. An adroit handler of both Congress and the Washington press, he has not hesitated to criticise the administration.

His departure comes at a critical time for both the FDIC and the RTC. As part of comprehensive banking reform, congressional committees have approved proposals for the FDIC to borrow up to an additional $70bn (£41.6bn) to bolster the nearly insolvent bank insurance fund. The fund should just about stay out of the red for the rest of the year but Congress will need to approve the extra funding before it goes into recess in November.

There is also congressional disquiet over the mounting cost of the rescue of the S&Ls, or thrifts, and the alleged inefficiency of the RTC. Various proposals to restructure the RTC have already been put forward and Mr Seidman's departure may be used as an opportunity to split the jobs of running the FDIC and RTC.

When Mr Seidman's resignation was first discussed more than a year ago, President Bush said he was considering appointing Mr William Taylor, the chief bank regulator at the Federal Reserve, to head the RTC. But the name of Mr Taylor, who is at present dealing with the Bank of Credit and Commerce International affair, has not been mentioned recently.

White House to extend trade benefits to Baltics

By Peter Riddell

THE US is to extend special trade benefits to the three Baltic states, in an extension of the broader easing of barriers to the Soviet Union announced by President George Bush in Moscow last week, the White House said yesterday.

The special provisions for the Baltic republics include technical assistance in trade development and export promotion. The US is also – for trade statistical purposes – to account for their products separately from those originating elsewhere in the Soviet Union.

The trade promotion help will involve only small US funding and is similar to the kind being offered to several Soviet sectors.

Last Friday, Mr Bush sent Congress a trade agreement with the Soviet Union which is to lead to the granting of Most Favoured Nation status (MFN) and lower tariff barriers.

Yesterday's steps are largely symbolic and underline both the US policy of not recognising the forcible incorporation of Lithuania, Latvia and Estonia into the Soviet Union, and Washington's support for their "legimitate rights".

Giraldo: controversial policy

Colombian minister resigns

By Sarita Kendall in Bogotá

MR Jaime Giraldo, Colombia's justice minister and architect of a controversial policy offering leniency to surrendering drug traffickers, has resigned.

Mr Giraldo, who said he was resigning to take up another post, oversaw the process which brought the surrender of Medellín cartel boss Pablo Escobar and other drug traffickers during the first year of President César Gaviria's government. The resignation is being interpreted as part of an effort to change the image of the justice system.

Last week, Antioquia's regional attorney-general, the principal negotiator of Pablo Escobar's surrender, resigned after the revelation he was related to Escobar. The press alleges that more than 300 people, some with outstanding charges against them, have visited Escobar in jail.

Killings of a witness in the case against Escobar for the murder of the then justice minister Rodrigo Lara, and of a paramilitary leader and others, have been attributed to Medellín gangsters. Arms, including a surface-to-air missile, were found last week in Medellín, raising further doubts about the dismantling of the cartel.

The new minister, Mr Fernando Carrillo, aged 28, helped to draw up the justice reforms approved by a specially convened constitutional assembly, which completed its deliberations in July.

Tax claim threatens Levine investors fund

By Patrick Harverson in New York

THE Internal Revenue Service in the US has filed a tax claim of $15.4m (£9.1m) against convicted insider trader and former Drexel Burnham Lambert executive, Mr Dennis Levine, it was revealed yesterday.

The claim gives a new twist to the dispute between the IRS and the Securities and Exchange Commission over the distribution of illegal profits recovered from Mr Levine. If successful, it would more than wipe out the $13.5m settlement fund that the SEC intends to use to repay investors defrauded by Mr Levine's activities.

The IRS was able to make the claim, which includes interest and penalties, because of a New York district court ruling last month which rejected an SEC proposal that 76 per cent of the settlement fund be paid to the IRS, with the remainder going to defrauded investors.

The district court judge ruled against the SEC proposal on the grounds that it could have left Mr Levine open to further tax claims from the IRS at a later date.

This would be unfair to someone who had already undergone punishment for his crime, said the judge. A separate SEC proposal for distributing a $3.7m fund recovered from Mr Robert Wilkis, a former Lazard Frères banker who was convicted as an accomplice of Mr Levine in 1985, was rejected on the same grounds by the judge.

Mr Levine did 17 months in jail after a guilty plea in 1985 to insider trading, perjury and income-tax evasion.

The former Drexel investment banker also paid a fine of $362,000 and turned over his alleged profits from insider trading to the SEC. His guilty plea in 1985 provoked the US government's massive investigation of insider trading on Wall Street.

The SEC planned to use the recovered profits to pay back defrauded investors but, two years ago, a federal appeal court ruled that the $13.5m that had gone into the settlement fund should also be used to pay taxes.

Since then, the SEC and the IRS have been battling over distribution of the fund.

It is now up to the two parties to agree a settlement in time for the next hearing before the judge in early November. However, Mr Tom Newkirk, chief litigator for the SEC, said yesterday: "It is a question of us and the IRS fighting in the courts to see who gets how much of the money."

Milwaukee force joins other US police in the dock

Barbara Durr on racial tensions aroused by the Dahmer killings

POLICE bungling in the case of confessed serial killer Mr Jeffrey Dahmer has brought Milwaukee's long-simmering racial tensions to the boil. The city, considered one of the most racially divided in America, has erupted with protest marches and angry public meetings.

Most of the 17 men Mr Dahmer says he has killed were black. Black anger has focused on police handling of an incident involving Mr Dahmer on May 27.

On that date, two black women in his neighbourhood reported to the police that a 14-year-old Laotian boy was stumbling, naked and "beaten up", down the street. When three white police officers arrived, Mr Dahmer, who was on parole for having molested the boy's older brother three years before, told them the boy was a 19-year-old friend who had drunk too much.

According to police telephone tapes, the officers dismissed the incident with a snicker as a tiff between gay lovers.

In so doing, they ignored a basic police procedure of checking on Mr Dahmer. The boy's remains were found two weeks ago, along with those of 10 other people, in Mr Dahmer's apartment.

The rub for the city's black community is that it seems the police were willing to take the word of a white man over that of two black women. Moreover, if the police had checked on Mr Dahmer, black community leaders contend, five other youths whom he had murdered and dismembered after the street incident would have been saved.

The three officers now face administrative charges from the police department related to negligence of duty and have been suspended, with pay, by the police chief, Mr Phillip Arreola. The state of Wisconsin's attorney-general, Mr James Doyle, has said he would investigate whether criminal charges should be filed against the officers.

The city of Milwaukee itself is facing a $3m law suit from the mother of one of the victims, alleging that police officers failed to do their duty and acted in a discriminatory way.

Mrs Pamela Bass, Mr Dahmer's next-door neighbour at the Oxford Apartments on Milwaukee's run-down and mostly black north-west side, said: "If he'd been black, they'd have arrested him on the spot."

Milwaukee's police force – 79 per cent white in a city that is almost a third black – is feeling besieged. The police union was incensed by Mr Arreola's immediate suspension of the three officers involved and his release of the telephone tapes.

Arreola: his Milwaukee police force is 79 per cent white in a city one-third black

The union is polling its members this week for a "no confidence" vote in the chief – in essence a prelude to a call for his resignation. Police and their supporters have also marched on city hall.

Milwaukee is only the latest US city to be beset by accusations of police racism. This year, the country was scandalised by repeated television showings of a videotape of Los Angeles policemen viciously beating Mr Rodney King, a black man. Such incidents are far from uncommon in the US, but now they are fostering a more militant mood among blacks.

Mr Arreola, a Hispanic who has been in the job only 18 months, is attempting to play a different role to that of Mr Daryl Gates, the Los Angeles police chief, who appeared to want to gloss over the King beating. So, the Milwaukee chief has garnered some support among blacks.

This may help defuse further troubles. But, despite the pleas of Mayor John Norquist for public unity in Milwaukee, the city's racial problems are unlikely to fade quickly.

A financial services executive who did charity work in Milwaukee's poor neighbourhoods attests: "There is an invisible line in town. A black person cannot cross that line. If he does, he's dead."

If anyone can channel black anger into action in Milwaukee, it is likely to be Mr Michael McGee, a black nationalist on the city council.

He formed a black militia last year and promises to take violent action if his group's demands to end racism are not met by 1995. He was cheered wildly by a crowd last week at a Baptist church, venting its sorrow and wrath about the killings and police treatment of the black community.

"The community will no longer tolerate institutionalised racism or racism in any form. We're organising," said Rev Leo Champion, pastor of the Fellowship Missionary Baptist Church.

Some whites have sought to justify the police officers' behaviour, given the infestation by drug-dealing and prostitution of the inner-city districts they have to patrol. Having seen so much violence and depravity, the police become jaded and less responsive, say many whites.

Milwaukee has a beautiful lake-front, modern office towers and quaint clapboard houses amid church spires. But appearances can deceive. Mr Dahmer's neighbour, shaking her head, said: "He seemed so normal."

WORLD TRADE NEWS

Australia steps up protests at wheat sales

AUSTRALIA will step up protests against subsidised US wheat sales, following Washington's latest offer of cheap wheat, this time to Yemen, one of Australia's traditional markets, Reuter reports from Canberra.

Mr Gareth Evans, Australian foreign minister, was expected to express concern at a meeting with Mr Richard Solomon, US assistant secretary of state for East Asia and the Pacific, in Canberra today, government officials said.

Mr Neal Blewett, Australian Trade Minister, said yesterday the latest offer of 300,000 tonnes of subsidised wheat to Yemen was a big blow, after other recent sales of US wheat.

The amount is double the 150,000 tonnes the US has offered Yemen under the Export Enhancement Programme (EEP) in the past few years.

Mr Evans had said the continued sales appeared to be more the conduct of a hostile country than an ally.

The US gave Yemen an option on the wheat this week. The Arab country is seen as certain to accept.

The option follows a US offer of 1m tonnes of wheat to China and 100,000 tonnes to Kuwait. Both deals, under the subsidised EEP, are aimed at competing with subsidised European Community grain.

Australia, whose grain sales are not subsidised, says its 45,000 grain farmers, many now going broke, are innocent victims of a US-EC grain war.

Australia has exported more than 580,000 tonnes of wheat to Yemen so far in the 1990-91 year to September – up from 447,683 tonnes in the whole of 1989/90.

President George Bush last month sent Mr Bob Hawke, Australian prime minister, a letter assuring him Washington would do its utmost to avoid harming Australia's traditional markets.

The EEP will be the main topic when Australian government officials hold talks in Washington next Monday, and an important item when Mr Bush visits Australia in November. The US has an assurance from Yemen that it will continue buying grain from Australia.

Guangdong port project throws out a challenge to Hong Kong

Angus Foster reports on plans to reinforce southern China's exports

IN China's Guangdong province, across the border from Hong Kong, port and other infrastructure projects are under way which will reinforce the area's role as the power house and funnel for southern China's exports.

The developments have been going ahead steadily while international attention has focused on the argument, now resolved, about Hong Kong's new airport. They are coupled with road projects and a new domestic airport built to international standards with a 3,400-metre runway, in Shenzhen special economic zone, which starts trial flights in September.

The projects will link with Hong Kong's plans and serve the region well into the next century. In the long term, some of the projects, especially a new container port at Yantian, could become competition for Hong Kong, which is the second busiest container port in the world after Singapore.

Yantian, a deep-water port for vessels of up to 50,000dwt just across from Hong Kong's north-eastern border, will become the largest port in southern China.

Zheng Yuheng, chief engineer for the Yantian port, said the facility will have 48 deep-water berths and a 16.4km wharf line on completion, due around 2010. The port plans to handle 42.7m tonnes of cargo by the end of this century, rising to 76m tonnes by 2010.

Five other ports are being built or improved within the Pearl River Delta. On the western tip of the Shenzhen zone, port developments are under way at three sites, Shekou, Chi Wan, and Ma Wan.

Shekou will be partly a containerised and will be able to handle 500,000 twenty-foot equivalent unit (TEU) containers a year. Further up the Pearl river at Huangpu, 12 miles from Guangzhou, five deep-water berths have recently been completed and have increased the port's capacity from 19m tonnes to 28m tonnes a year. Five more are under construction.

Gordon Wu: building road

These ports are mainly designed to increase the cargo capacity of coastal and river traffic, which snakes down the Pearl River in long convoys and offloads in Hong Kong. The delta is relatively shallow and badly silted, so access to these ports is restricted to vessels of below 35,000dwt.

Further along the coast, at Meizhouwan in Fujian province, a new port is being dug to handle trade with Taiwan, if direct links are restored with the mainland.

Twenty-nine of Yantian's berths are designed to handle coal exports and general cargo, such as fertiliser, which could then be transported deep into China. But nine berths will handle containers, raising questions about the relationship with Hong Kong, only 98 nautical kilometres away.

"Yantian will be an extension for Hong Kong. Hong Kong and our harbour will be in competition, but because the economy (in Guangdong) is growing so fast both harbours will receive more and more customers," Zheng said.

Yantian certainly has the potential to develop into a major international port. It lies in a perfect deep-water harbour with an average water depth of 15m-20m, has no silting and is naturally protected from typhoons. Under the first phase of the development, due for completion this year and costing RMB1.24bn, six berths will come on stream. Zheng expects to open to foreign vessels later this year.

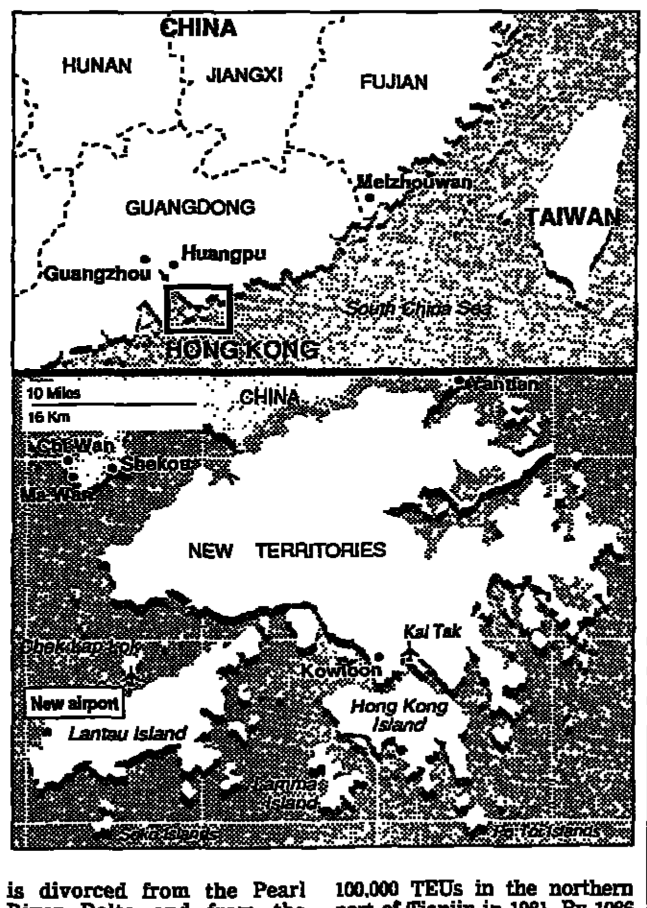
Hong Kong is not taking future competition from Yantian very seriously, despite the findings of a 1988 consultancy report on the colony's new port and airport project which described Yantian as potentially "a major threat".

If Yantian's nine container berths operated at Hong Kong's levels of efficiency, they would have a maximum capacity of about 3.5m TEUs a year, compared to Hong Kong's total last year of 5.1m. But it is extremely unlikely a Chinese port could match Hong Kong's efficiency, which requires 24-hour-a-day handling.

Mr Michael Sze, director of marine in the Hong Kong government, said it would be a long time before container shipping lines have a realistic choice between the two ports. "Until Yantian has developed a critical mass, ships will find it more expensive," he said.

A senior government planner was less diplomatic. "I'm not sure China fully understands what makes a container port work," he said. Yantian is building a branch rail line to the Shenzhen-Guangzhou line, linked with the rest of China's vast, inefficient rail network.

But Yantian's other communication links are poor. It lies on the east side of Shenzhen so is divorced from the Pearl River Delta and from the super-highway under construction by Mr Gordon Wu's Hopewell Holdings, which will link Shenzhen with Guangzhou.



Nevertheless, the developments at Yantian and at Shekou do show China's continuing commitment to increasing its handling capacity for containers. The country built its first container berth with an annual capacity of 100,000 TEUs in the northern port of Tianjin in 1981. By 1986 container throughput was a meagre 315,000 TEUs, compared to Hong Kong's total that year of 2.8m.

By last year, throughput had more than quadrupled to 1.5m TEUs. As new facilities come on stream, including enlarged container operations at the northern port of Dalian and in Shanghai, capacity is expected to double again by 1995.

E German power plant contract for ABB

By William Dullforce in Geneva

THE CONTRACT for the first new power plant to be built in eastern Germany since unification has been secured by Asea Brown Boveri.

Kraftwerks- und Netzgesellschaft (KNG) in Berlin has awarded ABB's German group a $100m (£59.5m) contract for a coal-fired plant at Rostock. The order covers a steam turbo group with an electrical output of 500MW, as well as the power plant process control and electrical systems. The plant is to come on stream in 1994.

The steam turbo power-generating unit, valued at about $60m, will be supplied by ABB Kraftwerke AG, Mannheim, in co-operation with ABB Bergmann Borsig, Berlin, the former East German company recently taken over by ABB.

ABB Automatisierungs-Anlagen Cottbus, another former East German company acquired by ABB, will co-operate with ABB Kraftwerksleittechnik, Mannheim, to deliver the remainder of the order.

The contract would help secure employment at ABB's eastern German companies, Mr Eberhard von Koerber, president of ABB in Germany, said.

Steam from the power plant would be used for district heating, lifting the efficiency of the plant to 54 per cent, ABB said. The Rostock plant would be equipped with modern air-cleaning control systems, to keep emissions well within German clean-air limits.

Quayle soothes Venezuela

VICE-PRESIDENT Dan Quayle of the US has denied Washington has protectionist measures in place against Venezuela, agencies report from Macuto and Buenos Aires.

"Exports from Venezuela to the US are up 39 per cent over the last two years. That is hardly a protectionist policy; that is a policy of openness," Mr Quayle said after meeting Venezuelan President Carlos Andrés Pérez late on Monday.

However, he added, "there may be disagreements from time to time over what is fair trade, and we are going to resolve those differences."

Venezuelan officials say the US is taking "protectionist measures", contrary to the spirit of the US open market policy.

In one case, Washington banned Venezuelan tuna imports after an environmental group had filed suit to claim the dolphin mortality rate in Venezuelan nets surpassed US standards. Another suit, against Venezuelan cement producers, alleges dumping in the US.

Mr Quayle was in Venezuela before going on to Argentina, Brazil and Haiti, to promote US trade and investment in the region.

In Argentina, where Mr Quayle arrived early yesterday, he and President Carlos Menem were to sign accords on satellite technology, mining and tourism.

Japan's companies urged to buy more from Taiwan

THE TOKYO government has agreed to press big Japanese companies to increase their imports from Taiwan over the next few years, so as to help narrow Taiwan's trade deficit with Japan, Chiang Pin-Kung, Taiwan Economy Vice-Minister, said yesterday, AP-DJ reports from Taipei.

He said Tokyo had asked 350 top Japanese companies to increase their overseas purchases at an annual rate of 10 per cent, as part of Japan's efforts to reduce quarrels with its trading partners.

Chiang said he had talked with representatives of 20 Japanese companies (including the nine largest), which dominate 35 per cent of Taiwan's trade with Japan.

He noted that some of these had agreed to increase imports from Taiwan by a yearly rate of 20 per cent.

If this were done, Japan's imports from Taiwan could be expected to double to $17bn (£10.1bn) by 1993, from $8.7bn in 1988.

The Taipei government has been increasingly concerned about the widening trade gap with Japan in recent years.

Finnish-Soviet meeting

MR Valentin Pavlov, Soviet prime minister, and Mr Esko Aho, his Finnish counterpart, will meet today at Kostamus, just across the border in the Soviet Union, an official at the Finnish prime minister's office said, Reuter reports from Helsinki.

Details of their agenda were not available but the leaders are expected to discuss bilateral trade, which has fallen sharply since Finland and Moscow scrapped their former barter system and began trading on a hard currency basis this year.

The meeting was sought by the Soviet side.

In the first six months of this year Finnish exports to the Soviet Union fell by 3.6bn markka (£508m), or 61 per cent, from the equivalent period in 1990.

Imports from the Soviet Union, mostly oil, fell by 25 per cent from the first half of last year. Last year Finland had a 2.67bn markka trade surplus with the Soviet Union.

Throughout the 1980s Finnish exports to the Soviet Union were steadily declining, and have fallen from up to 25 per cent of all Finnish exports at the beginning of the decade to about 10 per cent last year.

The meeting today will be Mr Aho's first with his Soviet counterpart, and his first visit to the Soviet Union as prime minister.

Help for Bulgaria

A GROUP of French companies, including Electricité de France (EdF), has signed a protocol with the Bulgarian energy authority aimed to aid modernisation of its energy supply, AP-DJ reports from Paris.

This was organised by Groupe Foncier Anjou, an investment company experienced in energy.

EdF said Bulgaria's Kozlodoui nuclear power station is in special need of help.

Indian subsidy row forces climb-down over budget

By **K.K. Sharma** in New Delhi

THE Indian government yesterday succumbed to intense political pressure to water down elements of its ambitious economic reform package. The move is likely to disappoint the International Monetary Fund, which is considering a $2bn loan to New Delhi to help it through its present balance of payments crisis.

Dr Manmohan Singh, the finance minister, partially restored the subsidy on fertilisers withdrawn when he presented his budget on July 24. The concession will add Rs4.05bn ($159m) to the fiscal deficit and thus lower the overall deficit reduction which he had originally estimated to be 6.5 per cent of GDP, a target set by the IMF.

The partial restoration of the fertiliser subsidy is bound to be frowned on by the IMF and create difficulties for the government in talks with the organisation.

President Ramaswamy Venkataraman yesterday cancelled official visits to Turkey, Italy and Chile scheduled for next month, in a move which highlights the government's need to show voters that it is also sharing in austerity measures.

Pressure to restore the fertiliser subsidy has mounted in the past week. The government has been criticised by the ruling Congress party and opposition MPs for giving in to IMF pressures and harming the interests of farmers, whose support is sought by all parties. Some opposition parties had threatened to vote against the budget, which could have led to the fall of government.

Parliament is now likely to adopt the budget.

In his speech yesterday in reply to a week-long debate in the Lok Sabha (lower house of parliament), Dr Singh exempted small and marginal farmers from the rise in fertiliser prices and reduced the average increase for others from the 40 per cent announced in his budgetary proposal to 30 per cent.

Maintaining that the basic objective of the budget proposal was to bring about strong fiscal adjustments, Dr Singh explained that fertiliser prices had remained unchanged for a decade while procurement and market prices of agricultural products had doubled.

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Mountain-top settlers in West Bank defy US

By **Victor Mallet** in Eshkolot, occupied West Bank

FOUR days after Israel gave its qualified assent to a Middle East peace conference, Israeli settlers defied the US and the Arab world by moving on to Eshkolot, a mountain-top in the occupied West Bank, and calling it home.

Six families, guarded by soldiers and subsidised by the government, have set up in what used to be an army camp between Hebron and Beersheba. They said they arrived as soon as official permission was granted on Monday.

The children sang "Eshkolot is number one" in Hebrew, the mobile homes were on their way, and the Israeli flag fluttered from the water tower. Mr Raphael Eitan, the far-right agriculture minister, paid a visit yesterday and promised piped water.

"The whole country is Israel. We don't see any difference," said Mr Moty Lipshitz, leader of the settlers, when asked how he felt about moving on to Arab land.

"Look at the view. This is just a beautiful place to live," he said from under his Negev Phosphates baseball cap. "I hope to see you in a few years. You will see 400 buildings."

Mr James Baker, US secretary of state, will not be pleased by the creation of such "facts on the ground". He regards them as an obstacle to attempts to mediate between Israelis and Arabs, and he has urged the Jews to give up the vision of a "greater Israel".

His pleas have fallen on deaf ears; already there are more than 100,000 settlers in the territories – a figure which does not include those who have made their homes in Arab East Jerusalem.

"This government does not intend to change its policy on settling the land of Israel," said Mr Dan Meridor, justice minister, yesterday. "I don't think we have to make a matter like this, which does not have deep meaning, into an obstacle to peace."

It certainly has deep meaning for Arabs, who assume Israel must earn peace by withdrawing from the land it won in the 1967 war, and for the handful of left-wing Israelis who staged a demonstration yesterday. They waved banners saying "Eshkolot torpedoes peace efforts".

An Israeli soldier removes placards from the entrance to the West Bank settlement of Eshkolot yesterday. The placards were put up by Israeli protesters.

Firefighters recap 274 of Kuwait's 640 burning oil wells

FIREFIGHTERS have recapped 274 of the emirate's 640 blazing wells and all fires would be out by March, Kuwaiti officials said yesterday, Reuter reports from Kuwait.

The new figure, up from 249 on July 26, indicates the firefighting teams are extinguishing about two fires a day. The pace will pick up by the end of August with the arrival of 12 more teams to join nine US and Canadian teams who have been battling the fires in the al-Ahmadi area since March.

A team from the National Iranian Oil Co was on standby to add its weight to their efforts. The Iranian team, with experience of recapping wells from the 1980-88 Iran-Iraq war, has been assigned 28 Kuwaiti wells. "So far, we have recapped 274 wells and I believe all the fires will be out by March if not before," Mahmoud Somali of Kuwait's Oil Co told a news conference.

Less than half the wells, set alight by retreating Iraqi soldiers in late February, would be productive once they had been recapped, he added. The scale of destruction has hampered efforts to restore Kuwait's output capacity, which peaked at 2m barrels per day (bpd) before Iraq's invasion of the emirate last August.

The last burning well at the al-Ahmadi and Maqwa fields will be recapped in a week, leaving firefighters to focus on the adjoining Burgan, officials say. Burgan is one of the biggest fields in the world with a total number of 426 wells. Kuwaiti officials estimate $85m-worth of crude goes up in smoke each day, but this is down from the previous figure of $120m. Scores of wells are still raging out of control.

Kuwait is producing about 115,000 bpd, mainly from the Maqwa and Burgan fields. The emirate hopes to export 500,000 bpd by the beginning of next year.

● Air France, the French national flag carrier, is to start flying again to Kuwait next week, over a year after the Iraqi invasion halted its regular flights to the emirate. The airline plans one flight a week from Paris to Kuwait and on to Bahrain.

ANC military wing to meet in S Africa

THE military wing of the African National Congress (ANC) will hold a three-day conference this weekend, its first inside South Africa for 30 years, Reuter reports from Johannesburg.

Umkhonto we Sizwe (Spear of the Nation) fought a low-level guerrilla war against white rule from 1960 until the ANC suspended its activities as a contribution to talks with the government on non-racial democracy.

President F.W. de Klerk has legalised Umkhonto along with the ANC and other anti-apartheid groups, making it possible for the movement to hold meetings and plan strategy, subject to normal South African laws.

Umkhonto had made a "major contribution and sacrifice to the peace process now unfolding in the country by having steadfastly observed the ANC directive... to suspend armed operations. But this was no easy decision," it said. It has blamed government agents for clashes in townships which have killed more than 2,000 people since August last year. "We stand committed to peace, but not at all costs," Umkhonto added.

Beirut hostage talks offered

LEBANESE kidnappers said yesterday they were sending an envoy to the United Nations in the next 48 hours in an attempt to end the ordeal of Western hostages, including two Americans held for more than six years, Reuter reports from Beirut.

In a statement accompanied by a photograph of Mr Terry Anderson, the American Middle East bureau chief of the Associated Press news agency, Islamic Jihad said its envoy would deliver a very important message to the UN secretary-general.

"We will send a special envoy carrying a message of extreme importance to the UN secretary-general Mr (Javier Pérez) de Cuéllar in the next 48 hours," the pro-Iranian Shia Moslem group said.

The statement was delivered to an international news agency in Beirut on the same day that the Tehran Times newspaper, in Iran, reported that an American and a British hostage in Lebanon were likely to be released by the weekend.

Islamic Jihad says it holds Mr Anderson, detained for longer than any other of the 12 Westerners still captive in Lebanon, and Mr Thomas Sutherland, dean of agriculture at the American University of Beirut. Both were kidnapped in the first half of 1985.

Hostages released over the past two years say the same group holds most of the 12 Westerners still captive in Lebanon. Other prisoners, including Mr Terry Waite, the Church of England envoy, have been seen together with Mr Anderson and Mr Sutherland at different times.

Islamic Jihad has demanded that Israel free hundreds of Lebanese and Palestinian prisoners in exchange for the release of the hostages.

It said it was sending the unidentified envoy "in view of our belief in the importance of working to solve the problems of our strugglers who are held in the world and especially occupied Palestine and the problem of those detained with us".

The black-and-white photograph showed Mr Anderson, 43, grim-faced in profile without a beard or glasses and wearing a dark T-shirt.

Islamic Jihad is the name used by militants linked to the Iranian-backed Hizbollah (Party of God). The Western hostages in Lebanon number six Americans, three Britons, two Germans and an Italian.

Canberra derails plan for high-speed train

By **Kevin Brown** in Sydney

PLANS for a A$10bn (£4.6bn) high-speed train link between Sydney, Canberra and Melbourne were abandoned last night after the Australian government turned down calls for tax concessions to help finance the project.

Mr John Kerin, the federal treasurer (finance minister), said the government acknowledged the potential commercial benefits, but there was no case for the special tax treatment requested by the Very Fast Train (VFT) Consortium.

Mr Kerin said the cost of extending tax concessions to other private-sector infrastructure projects "rules out such a policy in the present circumstances".

However, the tax treatment of large projects is to be referred to a special meeting on infrastructure matters, to be held by the federal government and state premiers.

The tax concessions sought by the VFT Consortium would have allowed losses incurred during the construction phase to be passed on to investors to be written off against tax, rather than being retained by the consortium to be offset against future earnings.

Broken Hill Proprietary (BHP), the leading member of the consortium, suspended work on the project "indefinitely".

The company said it regretted the government's unwillingness to redress the "bias" in the tax system against large-scale infrastructure projects.

BHP was the only corporate backer fully committed to the project, following the partial withdrawal earlier this year of Foster's Brewing, the Australian beer group, Kumagai Gumi, the Japanese construction company, and TNT, the Australian transport conglomerate.

The consortium's hopes of government approval rose in June when Mr Paul Keating, the former treasurer, resigned following an unsuccessful leadership challenge against Mr Bob Hawke, the prime minister.

However, Mr Kerin shares Mr Keating's fear that the tax concessions sought by the consortium could have set off an unsustainable boom in infrastructure projects, at great cost to the government in lost revenue.

The VFT project was intended to provide effective competition to air travel between the three cities, which account for about 40 per cent of Australia's 18m population.

Trains similar to the French Train à Grande Vitesse (TGV) would have run on purpose-built tracks at up to 300km per hour, cutting the existing overnight journey from Sydney to Melbourne to about three hours.

Eventually the tracks would have been extended west to Adelaide and north to Brisbane.

Brussels to safeguard against Iraqi claims

THE EC Commission has proposed measures to protect European banks and businesses against possible Iraqi claims for billions of dollars over unfulfilled contracts, officials said yesterday, AP reports from Brussels.

Without this protection, European companies – especially construction groups and the banks that underwrote their contracts – would face huge demands for compensation when the present embargo on trade with Iraq is lifted.

An EC Commission official said safeguards should be in place by the autumn to prevent Iraq from cashing in on contracts broken because of the Gulf war.

"Banks and construction companies have been pressing hard for this," said the official. "We should have some measure in place soon after September."

He said none of the EC members objected to this, although some technical problems still needed to be worked out.

The official said British banks would be heavily exposed if no EC protection was in place before the embargo was lifted. Banks would normally pass on the costs of any claims against them to the companies. French and Italian construction companies had huge contracts in Iraq before the war, he added.

The EC safeguard would extend the present protection afforded by the United Nations trade embargo by banning banks and companies from settling any war damage claims made by the Iraqi government or citizens.

Under the EC proposal, Iraqi claims could only be made against Community companies if a court, in a country which complied with UN resolutions against Iraq, said the broken contracts were unrelated to the Gulf war.

The onus would be on Iraq to prove that the contract had not been broken because of the war.

● Iraq has given UN inspectors more evidence of secret experiments to produce very small amounts of plutonium, the material needed to make a nuclear bomb, the International Atomic Energy Agency (IAEA) said yesterday, Reuter reports from Vienna.

The agency said failure until now to declare the activity constituted a further clear breach by Baghdad of its safeguards agreement with the IAEA under the Nuclear Non-Proliferation Treaty.

Malaysia to ease curbs on ownership of equity

By **Lim Siong Hoon** in Kuala Lumpur

MALAYSIA is to ease some of its stringent corporate equity ownership rules, in place for 20 years, under the asset redistribution programme of the New Economic Policy of 1971-1990.

For the first time since the introduction of the NEP the government is to consider allowing foreign investors to subscribe to new equity issues. Foreign investors are now obliged to buy shares after issue if they wish to invest in Malaysian companies.

It will also relax the quota of 30 per cent of any new capital issue which a company must allot to Malays and natives (the *bumiputras*) in order for an application to be approved for a capital expansion or a listing on the Kuala Lumpur Stock Exchange.

The latest guidelines are expected to be announced within the next two months. The government has said the basic NEP strategies of asset redistribution will continue, but it will relax its insistence on equity quotas.

Kaifu's self-assurance blossoms as scandals come to roost

Even slick Japanese politicians seem nervous as the leadership contest looms, reports **Stefan Wagstyl**

WHEN Mr Toshiki Kaifu, the Japanese prime minister, made his policy speech to the inaugural session of the Diet this week, he performed with rather more self-assurance than he usually does.

He spoke with conviction, dealing with sensitive matters such as financial and political reform and the controversial issue of sending Japanese troops on active service overseas for the first time since the Second World War.

By contrast, Mr Ryutaro Hashimoto, the normally slick and self-confident finance minister, seemed nervous and uncomfortable as he listened to Mr Kaifu.

Such has been the impact of Japan's recent financial scandals on political life: Mr Kaifu, a weak politician who would once have counted himself lucky to reach even the rank of a junior minister, can now contemplate the possibility of a second two-year term as his country's prime minister. Meanwhile, Mr Hashimoto, touted earlier this year as a potential successor to Mr Kaifu, faces repeated calls for his resignation.

The fate of individual ministers matters less in Japan than in the US or Europe since bureaucrats have a bigger say in policy-making. But politicians are not irrelevant – a strong man like Mr Hashimoto boosts the relative power of his ministry; a man with little personal influence like Mr Kaifu has the opposite effect. Mr Kaifu is the chief political beneficiary of the financial scandals, which started last year with the Itoman affair, in which Itoman, a trading company-cum-property developer, was driven to the brink of bankruptcy by high-risk investments in real estate and art. Then came the revelations in the stock market that brokers paid compensation to favoured clients, dealt with gangsters, and allegedly manipulated prices. Finally, a huge illegal loans scheme has come to light in which bank employees forged certificates of deposit to secure funds for hard-pressed borrowers.

Mr Kaifu's future looks brighter today than at any time since he took office two years ago in the wake of Japan's last big scandal – the Recruit bribery affair. When his term expires in October Mr Kaifu could well be asked by the ruling Liberal Democratic Party to stay on.

This is no reflection of Mr Kaifu's standing in the party. He remains one of the weakest politicians to have held the prime ministership since the war, coming from the smallest of the factions which fight for power inside the LDP. But he does have a clean political reputation, at a time when a series of scandal has made voters highly sensitive to the moral propriety of their representatives.

Other potential candidates are tainted. Mr Noboru Takeshita, the former prime minister, would like to return to office. As leader of the LDP's largest faction, he has a natural right to the job, in LDP terms. However, he is still haunted by the Recruit affair, which blew up when he was in office.

The Takeshita faction might put up an alternative candidate. But that could encourage Mr Takeshita's lieutenants to start fighting each other and possibly weaken the faction. To choose a strong leader from outside the faction would be to hand power to a potential rival. So, say many Takeshita faction members, best stick with Mr Kaifu and wield real influence behind his back.

Mr Kaifu's success is not guaranteed. The Takeshita faction may still decide to put up their own man. Mr Kiichi Miyazawa, a former finance minister and leader of a medium-sized faction, has long harboured ambitions to be prime minister. He has some support from other factions which dislike the dominance of the Takeshita grouping.

Mr Kaifu might still trip up in the weeks before the leadership contest. Aside from the financial scandals, MPs have on their agenda the delicate issue of political reform, which includes proposals for changing the voting system, cutting the number of Diet members and redrawing constituencies.

Mr Kaifu has made a personal crusade out of reform. If he pushes too hard, he may find his campaign blocked by opponents in and outside the LDP. Also, the government is proposing to revise the law to allow Japanese troops to serve overseas. Even though their duties would be limited to United Nations missions and disaster relief, the plan is opposed by those who feel it might infringe Japan's peace constitution.

But the scandals themselves make a fight for the leadership less likely. A full-blooded campaign might well encourage rivals to expose as much dirt about each other as they can. Moreover, internationally-minded MPs may judge that with Japan's financial markets looking uncertain, the last thing the country needs is a bout of political instability.

As for Mr Hashimoto, he might himself have been a candidate for the prime ministership. But he has been unlucky enough to have the scandals erupt on his watch.

Ryutaro Hashimoto, the finance minister, holds a news conference about the scandal

Until this summer, Mr Hashimoto's stint at the finance ministry looked like just another stage in this slick politician's rise to the top. Born into a politically-active family (his father was once minister for health and welfare), well-connected and skilled at wooing voters on the campaign trail, Mr Hashimoto seemed destined to become prime minister sometime in the next few years.

However, financial scandal has made this apparently sure-footed politician look clumsy. He first refused to acknowledge his ministry had any responsibility for the wrong-doing in the stock market but was later forced to admit that he had been mistaken.

Belatedly, Mr Hashimoto took a self-imposed three-month pay cut and promised to do his utmost to push through reforms. But his recovery suffered a blow last weekend when one of his aides resigned after admitting his role in procuring illegal loans.

Mr Hashimoto's plan now seems to be to stay in office for long enough to claim credit for proposed reforms to securities law. He could then resign with an achievement to his name.

If he goes, he is unlikely to be out of power for very long. The LDP is very forgiving of small and medium-sized misdemeanours. After a decent interval of a year or so, he could expect to hold office again. But his reputation may not be so easily regained. Voters are annoyed about the scandals and about the finance ministry's lax enforcement of securities law. Some of their anger is being directed at Mr Hashimoto. One of the few LDP leaders to score highly in opinion polls has lost his star rating.

Drop in inflation may trigger interest rate cut

By **Kevin Brown**

AUSTRALIAN monetary policy is likely to be eased shortly following the release today of figures showing a fall in the annual inflation rate.

Economists are forecasting a rise of about 0.5 per cent in the consumer price index (CPI) for the three months to June, cutting the annual rate from 4.9 per cent to 3.8 per cent.

The Australian Reserve Bank is widely expected to follow the announcement by cutting official interest rates by half a percentage point to 10 per cent, in spite of recent cautious comments by Mr John Kerin, the treasurer (finance minister).

Mr Dennis Mahoney, chief economist at Westpac, Australia's biggest bank, said an easing of monetary policy looked certain, but could be premature in the light of signals that the economic recovery might be stronger than expected.

"Unless the recovery is delayed until well into 1992, or unless the authorities know fiscal policy is to be tightened considerably in the 1991/92 budget [due on August 20], another easing at this stage looks premature," he said.

National conference to challenge Mobutu rule

By **Julian Ozanne** in Kinshasa

A NATIONAL conference on Zaire's political future, which will mount the most severe challenge yet to the 26-year-old dictatorship of President Mobutu Sese Seko, is due to open today in the capital, Kinshasa.

Pro-democracy opposition leaders are determined to turn the conference into an indictment of the president's rule of sub-Saharan Africa's second-largest country, which has been plagued by endemic corruption, economic disintegration and persistent violations of human rights.

The opposition say the conference must revive the constitution, create a transitional government and restrict the president until democratic elections can be held.

Whether Mr Mobutu, one of Africa's shrewdest politicians, will allow this to happen is open to question. Last night Zairean politicians and foreign observers were speculating about a further delay to the opening of the conference, the arrest of opposition leaders or an attempt by the government to provoke a violent confrontation.

"No one knows what is going to happen next. In Zaire anything is possible," one European diplomat said. "But the opposition knows that time is on their side and that Mobutu is entering the twilight of his regime."

Concerns are growing that the pattern of political change established in countries like Benin and Congo, where national conferences have paved the way for a transition to democracy, may not be possible in Zaire in the face of Mr Mobutu's refusal to share power.

THE BCCI SHUTDOWN

ANNUAL REPORT OF CAPCOM FINANCIAL SERVICES

Brokers got mystery payment of $49.6m

By Peter Martin

CAPCOM FINANCIAL Services, a futures broking firm owned by some of the leading customers of BCCI, received a mystery payment of $49.6m in the late 1980s, according to Capcom's latest annual report.

The report, filed with Companies House earlier this year, says the payment is one of a number for which the company's auditors were "unable to find supporting documentation or authorisation from the external counterparty to the transaction".

The Price Waterhouse investigation into BCCI said that a futures broker established in 1984 by shareholders dominated by leading customers of BCCI received two payments of $50m in March 1986 from the bank. The broker's name is blanked out in the FT's copy of the report, but it is understood to be Capcom, which was founded in 1984.

The Capcom annual report lists a number of unusual events, including the unidentified payment of $49.6m. Others include:

- Capcom's expulsion from the Association of Futures Brokers and Dealers, the industry self-regulatory organisation, in 1989, on the ground that the AFBD was unable to identify all the *beneficial owners of its shares*.
- A jail sentence for Mr Syed Ziauddin Ali Akbar, its former managing director. Before joining Capcom, Mr Akbar worked for BCCI. He was found guilty of conspiring with two BCCI officials in Miami to launder drugs money. Capcom's directors said in the annual report that the judge told Mr Akbar he was satisfied that "your company was a clean one". They added: "The directors are confident therefore in saying that Capcom Financial Services Ltd has not been involved in drugs money laundering."
- A "hardship allowance" of £10,000 a month paid to Mr Akbar from November 18 1988 "for the foreseeable future". Mr Akbar had resigned as a director of the company the previous month. By January 1991, he had received £270,000 in hardship payments. He is at present serving an 18-month jail sentence. His legal fees, amounting to some £277,018 by January 1991, were paid by Capcom.
- The revelation by employees that "a former director had originated a number of *unusual transactions affecting* discretionary customer accounts".
- A change, after the end of the financial year, to the balance on the customer accounts owned by Mr Akbar. Those have changed, the annual report says, "from a net creditor balance of £326,469 at October 31 1988 to an (unaudited) net debtor balance of £7,029,511 at the date of approval by the board of directors of the company. Trading on the account was suspended in October 1990 *by the company*."

The shareholders of Capcom in August 1989 included Sheikh Kamal Ibrahim Adham, Mr Elsayed E. Eljawhary, Sheikh A.R.H Khalil, and Sheikh H.R. Pharaon, all of Jeddah.

Last week, proceedings were brought in the US against BCCI and individuals including Mr Adham, Mr Khalil, a Mr Sayed Jawhary and Mr Ghaith R. Pharaon, arguing that they helped to conceal BCCI's illegal ownership of First American Bancshares and NBG Financial Corporation, two holding companies.

ASIAN BUSINESSES

Community 'withstanding blow'

By Chris Tighe

THE ASIAN business community is withstanding better than expected the massive blow of BCCI's closure, partners in Cork Gully, the insolvency arm of Coopers Lybrand & Deloitte, said yesterday.

The community has proved more resilient than many people in the insolvency industry had anticipated, but the full knock-on effects of the closure could take two to three years to work through, said Mr Edward Klempka, of Cork Gully's Leeds office.

A thrifty attitude, a tendency to work harder and borrow less than other sectors of the business community could be factors in the lower than expected rate of Asian business collapse since BCCI was closed down, said Mr Klempka.

However, he warned that BCCI's closure meant good businesses, as well as bad, were suffering. He also said some BCCI customers might surmount their present difficulties only to be hit later if other companies who owed them money proved unable to survive.

After the BCCI closure, Cork Gully set up a helpline. However, Mr Chris Hughes, a partner in the firm's City office, said he had not, so far, heard of any Asian businesses folding due to the closure. Although under great strain, they were surviving by trading on a cash basis with support from suppliers and creditors. "There's a sort of solidarity and loyalty amongst some of the suppliers," he said. "It's maybe a comment on the strength of the community."

The Cork Gully partners say the Asian businesses facing the most immediate problems include those as yet unable to obtain credit arrangements from other banks because their assets had been offered as security for BCCI loans.

"The other trading banks are working very hard to provide assistance but that takes time," said Mr Hughes.

WORLD ROUND-UP

García faces storm of accusations

FORMER president Alan García returned to Peru on Monday amid a storm of accusations and speculation over his possible links to the alleged bribes paid by BCCI to Central Reserve Bank officials, Sally Bowen in Lima writes.

Mr García immediately called a press conference to emphasise that he had "no fear whatsoever of any investigation". Any president of Peru, he said, knew where the nation's reserves were deposited. He strongly denied any knowledge of the $3m (£1.75m) bribe which, it was alleged by a New York Grand Jury, BCCI paid to two top central bank officials during his presidency.

On the contrary, he said, "if a president knew about such bribes, then punish him, remove him, imprison him".

He defended the central bank decision to deposit up to $270m of Peru's international reserves with BCCI in Panama. "In 1986 no one had doubts about the BCCI," he said.

Peru, unlike some other countries, made a timely withdrawal of its deposits in 1987. The reserves had earned "normal rates of interest" and Peru had additionally benefited from BCCI credit lines, Mr García said.

Mr García pointed out that Mr Robert Morgenthau, Manhattan district attorney, had never claimed that he, as president of Peru, was aware of the bribes. Mr García accused his political enemies of "manipulating information and forging cables".

Alan García: "No fear whatsoever of any investigation"

PAKISTAN: The governor of the State Bank of Pakistan said yesterday that he hoped to agree the sale this week of the Pakistani operation of BCCI to Union National Bank, the recently renamed Emirates subsidiary of BCCI, *Christina Lamb in Karachi writes.*

"I am hopeful of a deal and want it done quickly because the longer it takes the weaker these branches will become," said Mr I.A. Hanfi.

Although the three Pakistani branches of BCCI continue to operate, the state bank has placed a cap on withdrawals of 20 per cent of deposits or Rs100,000 (£2,415), whichever is larger. Mr Hanfi admitted that he was maintaining that limit to keep the bank attractive to buyers.

He had kept the bank open in Pakistan because "the prospects of realising assets is much better in an on-going concern" and because, as the largest foreign bank in Pakistan in terms of assets, BCCI's closure "could have undermined confidence in the banking system as a whole".

BRAZIL: BCCI in Brazil is seeking to change its name in an effort to distance itself from its parent company, BCCI Holdings.

The group ran discreet advertisements in Brazilian newspapers last week explaining that, in accordance with the constitution, two thirds of the group is owned by Brazilian companies. The remaining third is in the hands of BCCI Holdings. The advertisement said the bank wished to change its name to "safeguard its reputation".

The group's owners will vote on the name change during a shareholders meeting scheduled for August 12.

THAILAND: BCC Finance and Securities, a BCCI affiliate, has taken a contingency loan from the Bank of Thailand after a steady run on its deposits in the past month.

Mr Vijit Supinit, Thailand's central bank governor, said the bank's fund for rehabilitation and development of finance companies has extended a loan to BCC Finance, of which BCCI owns about 35 per cent. He said the amount borrowed was well below Baht100m (£2.4m).

Central bank sources said BCC Finance's clients have withdrawn at least Baht500m of deposits from the company since the Bank of England moved to close BCCI on July 5.

A senior central bank official said BCC Finance then had about Baht1.5bn of public deposits.

Mr Vijit said BCC's financial position was sound. The loan was meant as a standby to meet future needs if the bank's present effort to sell out to local investors took longer than expected.

Central bank officials said BCC assets before the collapse of its parent were Baht2bn.

BOTSWANA: Mr Festus Mogae, Botswana's finance minister, has told parliament that BCCI (Botswana) is "in apparent solvency and good health".

The finance ministry took over the management of BCCB in early July. Mr Mogae said on Monday that the Central Bank of Botswana had invited banks operating in the country to bid for a possible buy-out and restructuring of BCCB as soon as possible.

KENYA: Mr Eric Kotut, head of the Kenyan central bank, said BCCI's branch in the country had been sold, and would resume operations under a new name at the end of this month, Nairobi newspapers reported. The government closed the bank's nine offices on July 8 and appointed a central bank official to administer them. The new bank will be called Delphis Bank, reports said.

INDIA: The Indian government yesterday delayed a promised statement on the activities of BCCI in India, saying it needed time to gather information.

"I'll be able to make a statement tomorrow," Mr Manmohan Singh, finance minister, told parliament.

On Monday, parliamentarians demanded a statement in response to newspaper reports of alleged collusion between BCCI and government figures in getting foreign currency out of the country.

Several opposition members demanded a debate.

"We need a comprehensive statement as this bank was allegedly used for financing Pakistan's nuclear programme and terrorist activities in Punjab," said Mr Jaswant Singh of the Bharatiya Janata Party.

KEITH VAZ

MP will talk with officials from Bank

By Ivo Dawnay, Political Correspondent

MR KEITH VAZ, the MP campaigning for BCCI depositors, will today urge Bank of England officials to give their full support for a restructuring of the bank in the four-month grace period granted by the High Court last week.

In meetings with senior officials, Mr Vaz will head a delegation of depositors calling on the Bank of England to play a constructive role in negotiations between the liquidators and principal shareholder, the government of Abu Dhabi.

A statement released by the Leicester East MP yesterday expressed alarm at "negative publicity" and "fresh allegations concerning the involvement of officials in Abu Dhabi" in the BCCI affair and their likely effect on the "delicate negotiations" now getting under way. "It is essential that at the very start of these discussions that the Bank of England show that it is supportive," Mr Vaz said. "I shall be seeking a cast-iron assurance from the deputy governor that this is in fact the case."

In the absence of Mr Eddie George, the deputy governor, the delegation will meet Mr Andrew Crockett, a senior Bank director, and Mr Roger Barnes, head of banking supervision.

TOUCHE ROSS

Compensation forms delay

TOUCHE ROSS, the provisional liquidators of BCCI, said yesterday that the 40,000 forms for depositors entitled to payments under the Abu Dhabi interim compensation scheme would be sent out on Friday, after logistical difficulties delayed their preparation, Andrew Jack writes.

The firm confirmed that any company sterling accounts, as well as those of individual depositors, will be entitled to compensation.

UK consumer spending fails to lift economy

By Rachel Johnson, Economics Staff

CONSUMER confidence is falling in all regions of the UK, according to a survey yesterday which contradicts government assurances of an imminent end to the recession.

The Treasury has predicted that consumers will lead the economy out of recession, as reductions in interest rates and inflation revive first confidence and subsequently spending.

However, the results of the first survey jointly conducted by Gallup and Business Strategies Limited, a consultancy, show that spending fell more sharply in the second quarter than in the previous two, after an unsustained "spurt in confidence" after the Gulf war ended.

Fear of unemployment has prompted a rise in the number of households that choose to save, rather than spend, extra income. This in turn diminishes the government's chances of a consumer-led recovery in time for an election, due within the next 10 months.

Mrs Bridget Rosewell, joint managing director of BSL, said: "This is important as it suggests that the recent cuts in interest rates are unlikely to fuel another boom in consumer spending."

Although fear of unemployment has increased to 73 per cent of the 6,000 surveyed – from 55 per cent the previous year – significant proportions still reported that they were getting deeper into debt or drawing on savings. But, "over the year, people are more likely to claw back bank arrears than head for the shops," Mrs Rosewell said.

She suggested that the staggered cuts in interest rates to a current 11 per cent had so far failed to stimulate spending, and that more cuts were needed to "kick-start" the recovery.

Overall, the economic situation was expected to "stabilise" or improve over the next 12 months. In a regional breakdown, the situation remained bleakest in the south-east (particularly Greater London), the west Midlands and Wales.

These areas had the highest proportion of consumers running down savings or getting into debt, and the smallest number considering a a big purchase.

London and south-east England were singled out by Gallup and BSL as among the "worst placed" for recovery, as these regions were deepest in debt.

BNFL workers vote for industrial action

By Michael Smith, Labour Correspondent

MANUAL workers at British Nuclear Fuels (BNFL), the state-owned nuclear waste operator, have voted to take industrial action over a 7 per cent pay claim.

Their decision to take action short of a strike comes less than three months after the company negotiated a 35-hour agreement with the workers, one of the first in Britain to cover manual workers.

It demonstrates that workers at companies escaping the worst effects of the recession are still pressing for relatively high pay settlements in spite of a recent fall in the average level.

According to the Confederation of British Industry, the employers' organisation, the average level of settlements in manufacturing was 6.5 per cent in the second quarter of this year.

Some workers in badly hit industries are agreeing to wage freezes but many in more prosperous organisations are holding out for settlements above inflation.

The BNFL offer of 7 per cent compares with an inflation rate for the year to June of 5.8 per cent. However, the BNFL pay negotiations were due for settlement in April, when inflation was 6.4 per cent.

Trade unions representing the 7,000 BNFL workers are meeting today to decide on how to pursue the claim. One option is that they will instruct some workers to refuse overtime working unless the company agrees to raise the offer.

Union leaders believe that an overtime ban could have as significant impact on production. Mr Jack Dromey, secretary of the unions' negotiators, said union members had voted three to one in favour of industrial action.

The vote may have been influenced by a settlement of 8.9 per cent this year in the electricity industry, which nuclear processing workers consider comparable to their own.

LABOUR PARTY REFORM

Pressure group rejects selection plan

By Ivo Dawnay, Political Correspondent

EFFORTS by leaders of the opposition Labour party to end damaging rows over selection procedures for their MPs backfired yesterday when an important party pressure group dismissed a proposed new system as "a recipe for chaos".

The new scheme, approved by the party's ruling national executive last month, could allow trade union branches which are linked to parliamentary constituencies to cast proxy votes on behalf of their local membership regardless of whether those members support the party.

Yesterday, the Labour Co-ordinating Committee (LCC) – a pressure group represented in the constituency parties – described the proposal as "dangerous, undemocratic, damaging, unfair and impractical."

The LCC, which supports a straightforward one-member-one-vote solution, argues that the national executive's proposal would mean "card carrying Tories, Liberals, Trotskyists and fascists could all have a say in the election of a Labour MP."

The attack now seems certain to trigger fresh controversy at the party's annual conference in October. It will also give ammunition to Tory attacks on Labour's union links.

In reality, under the new procedures almost all sitting MPs should be re-selected for their parliamentary seats without a contest. But if the general committee of the constituency party chooses to call for other nominations it must also decide between a simple one-member-one-vote procedure or give affiliated unions (which sponsors MPs) a say. In such a ballot, votes made on behalf of union members are worth one third of the vote of a full party member.

Labour officials at the party's London headquarters yesterday dismissed the LCC's criticisms of the proposal as using "lurid language" over an insubstantial issue.

In the vast majority of cases, those few constituencies that opt for a re-selection ballot would simply opt for the one-member-one-vote system, an official said.

None the less, some trade unions are also concerned about the new proposal which is understood to have been agreed after complaints by the Transport Union (TGWU) – Britain's largest union.

The union's objection meant an alternative scheme proposed by the GMB engineering union was rejected. The GMB proposal said each union should have to vote only on behalf of those members who agree to pay a levy to the Labour party.

Mr Neil Kinnock, the Labour leader who has long favoured a simple one-member-one-vote system, argued vigorously for the proposal at the July executive committee meeting as a compromise acceptable to the unions. The national executive must now defend the new proposal at the October party conference.

BRITAIN IN BRIEF

Gas industry should be 'competitive'

A report on competition in the UK gas market is expected to call on British Gas to open more gas supplies to competitors. The report, from the Office of Fair Trading, to be sent next week to Mr Peter Lilley, trade and industry secretary, is believed to favour extending the gas swap scheme set up by British Gas in February beyond its cut-off point in October 1992.

British Gas was forced to introduce the swap deals, whereby it makes supplies available to competitors in return for gas at a later date when more fields come on stream, as a way of encouraging greater competition.

Liquidations rise by 75%

Company liquidations in the first half of 1991 were up by nearly three-quarters on the same period last year and show no sign of declining, according to accountants KPMG Peat Marwick McLintock. Figures from Peat Marwick show that the combined total of voluntary and compulsory corporate liquidations in the UK reached 11,112 in the first six months of this year, compared to 14,718 for the whole of 1990. The first-half figures showed a 72 per cent increase on the 6,449 liquidations recorded in the same period of 1990.

Crystal Palace plans revealed

Plans to build a £25m hotel and leisure complex on the site of Crystal Palace, which was built in 1851 and destroyed by fire in 1936, have been announced. THI Developments, a private developer, intends to build a three-star hotel, three restaurants, a "theme pub diner", a cinema complex, a bowling centre and a night club on the 12-acre site which overlooks Crystal Palace park, south London.

Lipton Tea to cut 60 staff

Lipton Tea is to shed 60 sales and support jobs at Leighton Buzzard, Bedfordshire, following a decision by Unilever, its parent company, to concentrate export operations in Bristol, south west England.

Boost for teaching

Teacher training courses will be offered by the Open University, which provides distance learning, in a bid to attract more mature students into the profession, the government has announced. The Open University will receive £2.3m from the government to fund 5,000 postgraduate certificate in education courses over the next five years. The courses will begin in January 1984.

Civil servants must economise

The government is calling on civil servants to switch off the lights and turn down the heating in a new environmental action guide that will be distributed to all departments. As part of its "green housekeeping," the government aims to reduce its energy consumption by 15 per cent over the next 5 years.

NHS service to be streamlined

The National Health Service's £4bn a year supplies operation is to be streamlined under a new national supplies authority from October 1.

It will operate through between six and eight geographical divisions, each headed by a chief executive. The task of the new authority will be to identify the needs of hospitals and try to obtain better value for money in meeting them.

Law firm keeps top place

Freshfields, the City of London firm of solicitors, has maintained its position as the leading legal adviser to companies and financial advisers involved in UK public takeovers during the first six months of 1991.

Freshfields was ranked top in a magazine league table for its involvement in 10 bids with a combined value of £919m.

House prices fall by 1%

House prices declined on average by almost 1 per cent last month, the first monthly fall since February, according to a survey published by Halifax, Britain's biggest building society. The findings confirm that the rally in house sales, experienced by many builders in March and April, has petered out. Fears about being made jobless have overtaken worries about interest rates as the principle concern of house purchasers.

Benefit was 'overpayed'

Overpayments of more than £16m in unemployment benefit and other financial problems have resulted in the accounts of the National Insurance Fund being qualified for the third year running. Sir John Bourn, comptroller and auditor general, said statistical testing had shown errors in the payment of unemployment benefit equivalent to 6 per cent of the total spent on the benefit in 1989-90.

Unions may clash over law

Two of Britain's biggest unions appear to be heading for a clash on employment law after the AEU engineers moved to block attempts which would commit the TUC to seeking repeal of "all anti-union legislation."

The AEU decision to seek removal of the "anti union" clause from a TGWU general workers' resolution represents the first in what is likely to be a series of inter-union skirmishes over employment law in the run-up to, and during, the TUC Congress next month.

Review of Taurus system

Consultants have been appointed to ensure that investors are adequately protected when the London Stock Exchange's paperless share trading system, Taurus, comes into operation next May. The Department of Trade and Industry and the Exchange have jointly appointed Ernst & Young to review the system.

Rise in funding on archaeology

The government is to provide more money for excavation and restoration work on archaeological sites discovered in road building. The funds have been released by the Department of Transport, which will now pay for archaeological surveys for road construction schemes.

Ford invests £91m in new diesel engine plant in Britain

By Kevin Done, Motor Industry Correspondent

FORD is to invest £91m at its Dagenham engine plant, east of London, at Essex in order to increase its diesel engine manufacturing capacity.

The UK currently accounts for more than 50 per cent of Ford's European engine production, and Dagenham is its sole source in Europe for diesel engines.

The company said yesterday that it was planning to increase the production of its 1.8 litre and 2.5 litre diesel engines at Dagenham by 17 per cent and 25 per cent respectively.

Current daily production of the 1.8 litre diesel, which is used in the Fiesta, Escort/Orion and Sierra ranges, will be increased to 1,520 from 1,300 at present, while output of the 2.5 litre direct injection unit used in the Transit van range, will be lifted from 630 to 790 a day.

Ford recently signed a deal worth £24m to provide more than 20,000 Dagenham-built 1.8 lite diesel engines over the next four years to the Soviet Union to be fitted in a new Soviet family saloon car.

It is currently planning to invest a total of £2.5bn in the UK between 1991 and 1999, with a significant share being devoted to the development of its engine programme.

At the end of the year it is due to launch the first units of its new Zeta engine family, which are to be built at Bridgend, South Wales and at Cologne in Germany.

It is investing more than £500m at Bridgend to build a capacity to produce up to 550,000 Zeta multivalve engines a year, which will eventually be supplied in 1.6, 1.8 and 2.0 litre versions.

The first Zeta engines will be launched as 1.8 litre units in the Ford Escort range. The 2.0 litre version will be introduced in early 1993, when Ford launches the successor, code-named CDW27, for its current Sierra large family car range.

Ford produced a total of 2,109,200 engines in Europe last year including 1,068,800 in the UK – 588,100 at Dagenham and 480,700 at Bridgend – as well as 533,200 at Valencia, Spain and 507,200 in Dagenham.

● The prolonged fall in UK new car sales moderated slightly last month with a drop of 21 per cent following declines of more than 30 per cent in both May and June.

The month of July is the smallest car sales month of the year, however, as new car buyers wait for the change of registration number prefix at the beginning of August.

The much more important test for the state of new car demand comes this month, which traditionally accounts for more than a fifth of annual new car sales.

Complaints about British Rail rise by 54%

By Neil Buckley

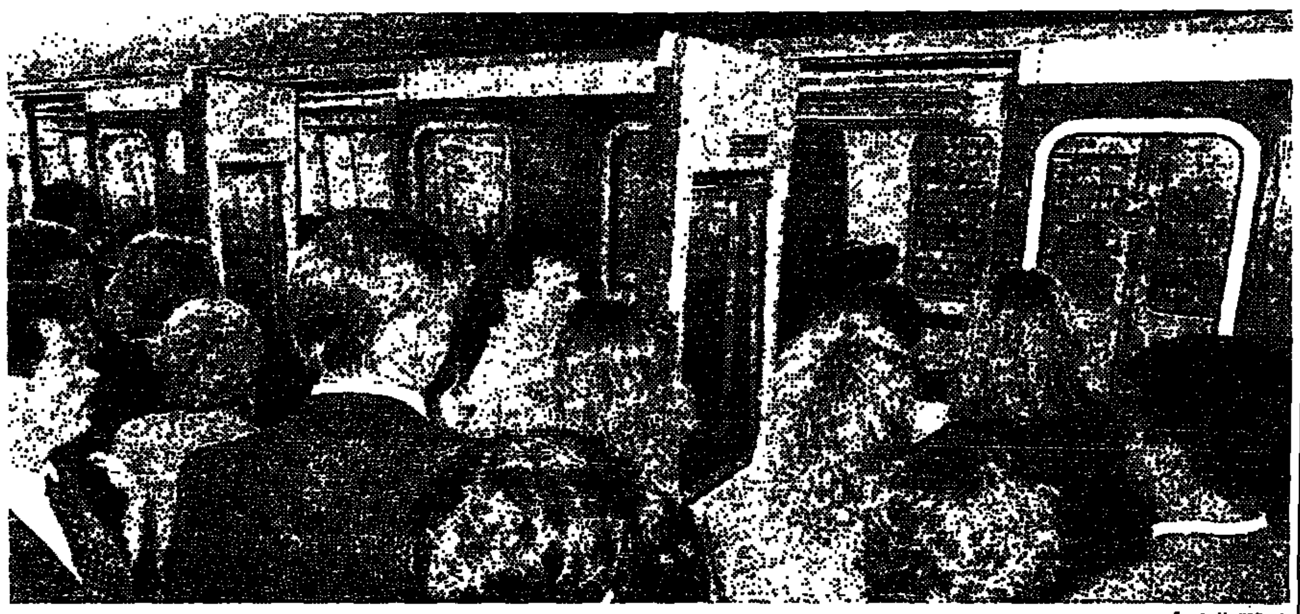
SIR Bob Reid, chairman of British Rail (BR), said yesterday the conclusions of a highly critical report confirmed the need for greater investment in Britain's railways.

The report, by the Central Transport Consultative Committee (CTCC), the statutory watchdog, said complaints about the state railway had jumped by 54 per cent last year to an all-time high. It concluded that BR was "continually failing to adhere to its quality targets on many parts of the network".

British Rail's ten-year programme Future Rail, published last week, called for annual investment of £1bn. "The current high levels of investment must be sustained if we are to achieve these plans, and a new financial structure will have to be debated," Sir Bob said yesterday.

The Department of Transport said that investment in BR was currently at record levels, but as spending was reviewed yearly, it could not give any guarantees for the next ten years. The CTCC said the recession, the slump in property income, and disruption caused by severe winter weather and terrorist attacks had all seriously damaged BR's financial position.

It was particularly concerned that the financial crisis had forced not only short-term cutbacks, but had affected investment schemes. Progress on key projects including replacing rolling stock on Network SouthEast, upgrading the West Coast Main Line, constructing the Channel Tunnel links, and the Paddington-Liverpool Street line in London, had been characterised by "delay and indecision in every case".



Trevor Humphries

Ticket to ride: commuters faced with overcrowding and old trains complain more about standards than punctuality

Complaints about standards and suitability of service had outstripped those about punctuality for the first time. The CTCC warned that British Rail should not give priority to achieving financial targets over quality standards.

As examples of poor service, the report found that cancellations on Network SouthEast were double the targetted level, and that only one InterCity route, the Gatwick Express, had exceeded its punctuality target. The report comes only days after seven passengers began legal proceedings, demanding compensation for poor service.

The actions are being sponsored by the Consumers' Association, which aims to put pressure on British Rail to scrap clause 25 of its Conditions of Carriage. This gives it the right to refuse to compensate rail travellers for late trains and missed connections.

British Rail also gave details of service cuts on a number of commuter routes yesterday. Network SouthEast's south-eastern division will withdraw 63 trains from September 30.

Scottish Nuclear reports annual losses of £32.5m

By Juliet Sychrava

SCOTTISH NUCLEAR, the public-sector company that operates Scotland's nuclear power stations, yesterday reported a loss of £32.5m for the year ending March 31 1991, compared with a loss of £169.9m the previous year.

However, operating profit fell from £89.4m to £52.2m, as operating costs – notably rates, research-and-development costs and exceptional costs associated with refurbishing Hunterston B power station on the Clyde – rose from £337.7m to £370.3m.

The main reason for the reduction in loss was the absence of last year's £190.9m loss made by Hunterston A, an older-style Magnox station, which closed in March 1990.

Scottish Nuclear estimated the cost per unit of its electricity at 3.0p this year, up from last year's 2.51p.

That was largely a result both of higher operating costs and lower output from the company's Torness power station, where the fuel feed system proved troublesome.

Overall output fell from 13.458 gigawatt-hours to 12.17 gigawatt-hours. However, Hunterston B power station performed better than the previous year.

Scottish Nuclear said it expected the downturn to be a "temporary blip."

Nadir fails to get bail relaxed

By Raymond Hughes, Law Courts Correspondent

MR ASIL NADIR, chairman of Polly Peck International, again failed yesterday to persuade a court to relax his bail conditions to enable him to travel to Turkey and northern Cyprus with the company's administrators.

A High Court judge rejected the appeal against a London magistrate's refusal last Thursday to vary the conditions to permit him to make the trip.

Mr Nadir, who is facing theft and false accounting charges involving £25m, is on £3.5m bail.

The bail conditions include surrender of his passport and weekly reporting to the police.

Neither Mr Nadir or his lawyers, nor the Serious Fraud Office which opposed the appeal, would reveal the grounds on which the judge made his decision.

A lawyer for Mr Nadir said his client would continue to help the administrators.

The ruling is a setback not only for Mr Nadir but also for the administrators, Mr Michael Jordan and Mr Richard Stone, of Coopers & Lybrand Deloites, who supported Mr Nadir's plea: they regard his presence in northern Cyprus as crucial to their attempts to investigate Polly Peck International's businesses there.

Before the hearing Mr Stone said they regarded Mr Nadir as a key factor in unlocking the commercial situation in northern Cyprus for them.

"It will make our task more difficult if he is not there to help us because a lot of these things depend on building trust with local management."

Mr Stone said that although he had seen the company's assets in northern Cyprus he had not had access to the books and records of the businesses: the administrators needed that if they were to be able to put forward a coherent business plan.

Such a plan, he said, would involve the creation of new vehicles into which the businesses could be placed, with the possibility that they might then be floated on the Istanbul stock exchange. The administrators saw a role for Mr Nadir in such rescue operations, Mr Stone said.

Redundancies and fewer exhibitions planned in attempt to avoid £500,000 loss at 'showcase'

Design Museum has to cut corners

By Alice Rawsthorn

Trevor Humphries

Hardest cut of all: curator Helen Rees (above) is preparing for redundancies

THE DESIGN Museum, which opened in London two years ago as the only museum in the world devoted to industrial design, is being forced to cut costs because of fund raising problems.

The museum plans to shed staff and to postpone a number of temporary exhibitions to counter the threat of a fall in its income from £2m this year to £1.5m next year.

Ms Helen Rees, director, said the Design Museum, like similar arts bodies in the UK and other countries, was finding it difficult to raise money from corporate sponsors because of the recession.

At a meeting earlier this week the museum's trustees agreed a cost cutting package including five redundancies which will reduce the number of staff from 32 to 27. The museum's administrator, Mr Barry Mason, left this week.

The museum plans to save money by rationalising its library service. It has also frozen plans for large, temporary exhibitions in favour of expanding less expensive areas of activity such as its Review section, a showcase for new product design.

Ms Rees said she hoped to resume its temporary exhibitions as soon as adequate funding became available. The museum is pressing ahead with its next big exhibition – on Japanese design – this autumn but will then use the exhibition space to extend the Review section and for a number of small shows.

The decision to freeze temporary exhibitions follows the precedent set by other international arts organisations. The Cooper Hewitt Museum in New York, which is also involved with design, recently decided to save money by using space previously taken by temporary shows to extend its permanent collection.

The museum, housed in a converted 1950s warehouse by Tower Bridge on the south bank of the Thames in London, has had an eventful past. Opened in July 1989, it lost its chief executive after less than two months amid a blaze of rumours about mutinous staff and feuding trustees. A few months later it lost its director.

In the past the museum has raised money from corporate sponsors both to contribute to its running costs and to finance temporary exhibitions. However Ms Rees said the UK recession had made it "much more difficult" to secure sponsorship.

The museum also expects to see a reduction in its income from the Conran Foundation, the charitable trust founded by Sir Terence Conran, former chairman of the Storehouse retail group, which bore the brunt of its £7m opening costs. The foundation will continue to provide an annual income albeit at a reduced level.

As well as providing £?m for the building, the Conran Foundation also gave a £?00,000 covenant to the museum covering its first five years.

The Department of Trade and Industry may also reduce its contribution. Ms Rees said the museum was still in negotiations with the DTI, which originally agreed to provide a grant for three years.

The museum, however, has managed to increase its income from commercial activities such as admissions and merchandising. Ms Rees said attendances had risen steadily. So far this year ?0,000 people have visited the museum, 15 per cent more than in the same period last year.

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TELEVISION

More punch from the borstal boys

When was the last time you watched a television drama and felt that your mind was engaged with a creative artist who had something significant to say to you? Perhaps your answer is "Last month when I watched *GBH*." My own feeling is that however good the acting, however smart the dialogue, however amusing some of the detail in commenting upon the lunacies of life in modern Britain, the general intention of *GBH* was far from coherent.

As with Bleasdale's previous (also much admired) series *Boys From The Blackstuff* there was a Swiftian impatience, perhaps even disgust, at mankind's seeming inability to organise the public aspects of life, but no hint that this sprang from a clear social or political philosophy, nor any indication of a belief in any particular alternative.

The attractions of Bleasdale's work seem visceral rather than intellectual; it is to our instincts that he appeals – compassion for the unfortunate, anger at mindless bureaucracy, hatred of political expediency – so you come away with your emotions stirred up but no clear thoughts about how or why, nor any notion of what the author would do if he were organising the system.

My answer to my own opening question is last week, during BBC2's screening of *Scum*, and in this there is, of course, sadness and irony. Sadness because the *auteur* with whose mind you felt engaged was Alan Clarke who is dead, and irony because it appears to have been his death which finally brought this piece to the screen as part of an admirable retrospective season.

Made in 1978, *Scum* was suppressed by the BBC on the grounds that it was too full of incident and thus misrepresented life in a borstal, an argument that leaves one gaping in incredulity. What about *Hamlet*? Or *The Duchess Of Malfi*? These are just the everyday stories of royals and courtiers, are they, with a realistic level of incident? Drama has always been the synthesis of activity or (as with too much modern minimalist drama) it has been nothing. Of course *Scum* packs in a non-realistic amount of incident; that is where its power lies.

The impressive thing is that it questions the nature of authority, illustrates the contagiousness of violence, and suggests the perniciousness of a system which, far from rehabilitating young offenders, turns them into bullies and outcasts, yet it never feels like one of those fashionable finger-wagging diatribes which seek to indoctrinate us with "politically correct" attitudes. *Scum* is no mere civics lesson but a genuine drama with a strong plot which vibrates with tension from start to finish.

Worthy causes are never personified in cardboard cut-outs; instead every aspect of the story emerges from the development of three-dimensional characters. I had forgotten how impressive a piece of work it was, and watching again now it produced a poignant awareness of what seems to have been virtually lost in British television drama since *Scum* was made 13 years ago.

Not that there is any lack of drama today. Costume productions may have become almost prohibitively expensive even for the BBC (though not quite: Somerset Maugham's *Ashenden* and Samuel Richardson's *Clarissa* will be screened later this season, albeit in only four and three episodes respectively) and independents may squeak about commissioning editors cutting budgets to, and beyond, the bone.

Yet there still seems to be a mass of drama of all sorts reaching our screens: series, serials and even the single drama which we are perpetually assured is on the brink of extinction. But nowadays the overwhelming bulk of this drama conveys the feeling that we are watching a lot of professionals going pretty well unthinkingly through their paces. True, in a technical sense they do it awfully well, most of them.

Indeed the expert technique of British television drama has long been recognised around the world. BBC1's three-part "mystery drama" *Murder In Eden*, adapted from Patrick McGinley's novel "Bogmail," which ended last week, was beautifully photographed in a picturesque Irish village. The acting from Peter Firth as the visiting Englishman, Tony Doyle as the sexually impotent and murderous Irish barman, and Alun Armstrong as the neurotic policeman was superb. It was directed by Nicholas Renton with a style that brought to mind *Porterhouse Blue* and the work of Bill Forsyth.

Mixed motives: Lili Bernard, Mollie McAllister and Carol Little in "Murder in Oakland"

Yet it was difficult in the end to avoid asking "So what?" There was a bit of a joke about English and Irish Catholicism; a bit of a joke about American imperialism; a bit of a joke about the desperate provincialism of rural Ireland; and of course the murder/blackmail story itself (though it was never clear to me how the blackmailer found the body).

It was another beautifully made nothing in what is becoming a continuous conveyor belt of such material. The conveyor-belt image may be significant because what seems to have happened in the last 10 years or so is the industrialisation of television drama.

True, the programme budgets in satellite television are so low that satellite has scarcely contributed to the increase in the production of original drama (though a certain amount of satellite money does go into movies). But even without that, the demand from television has gone up and up as broadcasting hours increase and the number of channels rises. The trouble is that, having seen how the industrialisation of the American movie led to the standardisation of the "product," with D.W Griffith's historical extravaganzas disappearing at one extreme and the comedy two-reelers disappearing at the other to leave thousands and thousands of 90-minute dramas, we now seem to be allowing television to take a similar route.

At present there are still people around whose purpose is to use television in an individual manner, or even to illustrate an idiosyncratic point of view. Unhappily, none of them seems to have the single mindedness of Alan Clarke, nor the talent of people such as Dennis Potter or David Mercer. In the case of Karl Francis's BBC2 "Screenplay" *Murder In Oakland*, the intention appeared to be to use a mixture of drama and documentary, actors and real people, to show that crime does not always have the simple motives assigned to it in fiction. Unfortunately the technique of using real policemen in real police stations made for tedium and not greater but less clarity. At the other side of the spectrum, *Mission Eureka* is currently delivering the most vivid example yet of what happens when you approach television drama not as an *auteur's* medium but as though it were just another product packaging industry.

The dialogue is so banal ("Mmm! This wine is delicious and very expensive!") and the dubbing so hilarious on this Euro space saga that it is almost worth staying up until after midnight tonight (which is where C4 are trying to hide it) just to remind yourself what it is that we want to avoid.

Distressingly all the signs are that this sort of bubble-packed Eurotrash and Britain's own beautiful nothings are on the increase while the strong, clear voice of the challenging individual is disappearing.

Christopher Dunkley

An Italian 'Greek'

MONTEPULCIANO

In the autumn of 1990, when Mark-Anthony Turnage's opera *Greek* reached the ENO, after performances at the Munich Biennale and the Edinburgh Festival (in 1988), the headline of the review on this page used the word "knockout," and in reporting the Coliseum premiere, Max Loppert went on to speak of the opera as "fluent, fertile in its inventiveness, its *combinations of anarchic* humour, violent outburst . . . lyrical rapture."

As that review made clear, much of the work's effect – both negative (for some) and positive – was connected with the raw, aggressive, bitter libretto, based on the play of the same name by Steven Berkoff, who adapted his text largely by necessary cutting, for the Turnage opera. That play was written during and about Margaret Thatcher's Britain, and thus *Greek*, whether play or opera, might have been thought comprehensible only at home, and perhaps only by those of Berkoff's and Turnage's generation.

So it was brave and risky of Hans Werner Henze's festival in Montepulciano, the Cantiere Internazionale d'Arte (now ending its 16th year), to sponsor the Italian premiere of *Greek* and to present it in Italian translation, especially since the cast was for the most part non-Italian.

The Teatro Poliziano is a small house, and when the stalls are removed and made into the playing area, the theatre's capacity is reduced still further (to about 200 seats). To say, therefore, that *Greek's* three performances were sold out does not mean a great deal. What is more important is that the audience that filled the boxes and the tiers of benches erected on the stage was constantly alert, entertained, and – at the end – warmly, sincerely enthusiastic.

And with every reason. The production and the performances were bright intense, inventive, arresting. First of all the translation, by Benedetto Benedetti and the producer Lorenzo Mariani, while wisely making no effort to reproduce East End demotic speech, did not shirk the crudity of Berkoff's language and, at the same time, found an effective, equivalent wit and sharpness. Curiously, this story of London, a special, tightly defined London, became in its Italian dress as universal as the Greek original that inspired it; and the embattled Eddy was not only Oedipus but also Everyman, the modern Pilgrim whose progress the drama chronicles.

Mariani, who has worked at Montepulciano in the past devised a presentation that was at once extremely rich dramatically and extremely simple visually: the floor of the Poliziano was covered with sand, except for a central walkway, from the main entrance almost to the orchestra. Along that track moved an oblong wooden box, which could be separated into halves, or could serve as container, or bar or catafalque. This construction was no less versatile than the performers: four young Italian dancers served as a mute chorus, punks one minute, police the next, and in the sphinx scene, concealed under flowing black drapery, they formed menacing, engulfing tentacles.

Except for the remarkable Polish baritone Stanislaw Daniel Kotlinski, who was Eddy, the singers interpreted various roles: thus Grant Smith was principally Eddy's father, but also a chief of police and a publican, while Paola Romano was Doreen, wife, maid and, with Helen Charnock, the sphinx (a fascinating, wry duet). Mariani clearly inspired the singers also to act and dance without inhibitions, and the black and white costumes of William Orlandi, suggesting some German 30's film, contributed positively to the overall impression. All the singers pronounced their words with admirable clarity (Paola Romano is Italian, but she deserves praise, too; for her compatriot colleagues these days are often guilty of depressingly mushy diction).

Turnage does not write beautifully for the voice in the traditional sense, but he writes imaginatively; and the beautiful, well-trained voices of the four interpreters were always shrewdly deployed. The orchestra (the Berlin Youth Symphony) played vibrantly, idiomatically under the alert direction of Giuseppe Mega, who, without underlining excessively the echoes of Weill, made Turnage's musical forebears indentifiable. And fine forebears they are, too.

It is hard to tell where staging ended and choreography began in this tightly-meshed performance, but, in any case, Elisabetta Marini, listed as choreographer, must be mentioned with admiration, for the dancing was always appropriate and never derivative. For that matter, if justice were to be done, a review should list the names of everyone connected with this totally successful *Greco*. But, alas, such space-consuming justice is not of this world.

William Weaver

Mendelssohn & Mozart

ROYAL ALBERT HALL, RADIO 3

In a single deed John Drummond has assured himself of a place in the history books, as the man who on Sunday finally brought *Elijah* to the Proms, after 97 years neglect. It is curious that such a *monstre sacré* of the choral repertory should have escaped successive generations of planners until now – perhaps the Victorian vogue for all things Mendelssohnian was just beginning to fade when the Proms began. But though there is no "theme" to this year's programming, big bold choral pieces do seem to be especially favoured – the first two weeks have included *The Dream of Gerontius* and Monteverdi's Vespers, and there are Rakhmaninov's Vespers and Dvořák's *The Spectre's Bride* still to come – and *Elijah* certainly falls into that category.

Performances of some of the symphonies apart, the period-instrument movement so far has sidestepped Mendelssohn, preferring to concentrate their attentions upon his contemporaries. This Proms premiere was couched in thoroughly traditional terms, with Andrew Davis conducting the BBC Singers, Symphony Orchestra and Chorus. It was bold in its outlines, most stirring in the biggest choral set pieces; Davis's handling of such textures, whatever the period, seems consistently impressive.

No doubt the oratorio's besmirched reputation is partly a consequence of its leaden fate at the hands of innumerable amateur choral societies, partly the legacy of the flood of imitations that followed it to becalm the English choral tradition for the remainder of the 19th century; flaws and longueurs in the work itself have been secondary. Curiously it is the writing for Elijah himself that seems flattest, too full of inexpressive stepwise phrases for Hakan Haggegard to bring them all convincingly to life. The remainder of the soloists – Joan Rodgers (an exquisite late replacement for Gianna Rolandi), Alfreda Hodgson and Laurence Dale – were poised and attentive; everyone appeared to believe in the undeniable dramatic strengths of the work.

★

The following night Roger Norrington brought his London Classical Players and the Schütz Choir to the Albert Hall for an evening of Mozart. The Prague Symphony that began the concert was typical of Norrington's approach: brisk in tempo, especially in the slow movement, and marvellously buoyant in rhythm and texture, but lacking obvious humour or much sense of genial relaxation.

The Requiem was the main event, given not in Süssmayr's standard completion or any of the familiar modern retouchings, but in a version by Duncan Druce, composer and violinist (of the Fires of London and currently the London Classical Players). Druce's version preserves a good deal of Süssmayr (throwing out Mozart's pupil wholesale would run the risk of throwing genuine fragments of his master too) but taking advantage of recent discoveries to incorporate other fragments and sketches.

Thus in this account the Lacrimosa ended with a great fugal "Amen" in D minor that alters the perception of that movement entirely, moving it from gem-like miniaturisation to something much grander and less personal. Nothing else was as re-orientating as that moment, but it all was unfolded with a beautiful lack of affectation by Norrington and his soloists (Nancy Argenta, Catherine Robbin, John Mark Ainsley, Alistair Miles), and a lack of false grandeur too.

Andrew Clements

Les Sylphides

FESTIVAL HALL

English National Ballet began this week on the South Bank with a triple bill of proven audience favourites, and were rewarded on Monday night with an enthusiastic house. Just why Christopher Bruce's *Swansong* should exert such a hold over the public I cannot fathom. It is over-long, and blatant in dramatics, but it receives from Koen Onzia as the beaten-up victim at its heart, an interpretation of such tireless power and physical resource that I suspect the applause is part admiration, part vote of sympathy. I think the piece insufferable, but am plainly in a very small minority indeed.

The other works in the evening were *Les Sylphides* and *Schéhérazade*. In Dame Alicia Markova's staging of *Sylphides*, and in the performances of Yelena Pankova, Josephine Jewkes, Paul Chalmer, the nocturnal driftings of the sylphs, the moonlit dreamings, make a lot of sense still. Markova has lovingly passed on what Fokine taught her, and the ballet is alive because of this. Pankova floats through it by divine Kirovian right; Josephine Jewkes, her beautiful Victorian face framed by a coronet of flowers, turns each phrase with great sensitivity; Chalmer has the romantic presence (and the fluent technique) to sustain the ballet's mood with a rare natural grace. After all the years, and all the performances, the poetry of *Les Sylphides* has not been lost.

Schéhérazade has not, of course, been lived in for years. It is a tremulous old revenant, trailing a tattered reputation for eroticism and decorative splendour like Marley's ghost and his chains. Beached on the Festival Hall's stage, performed with the passion and emotional extravagance one associates with a game of patience, this ludicrous exercise gives off a strong whiff of formaldehyde to drown the last faint scent of patchouli. The cast registers lust with the dainty exuberance of a formation dancing team, and were it not so silly it would be sad.

To Jose Manuel Carreno fall the balloon trousers and the death agonies of the Golden Slave. He is a very handsome, gifted dancer, and he plays the role with the puppyish enthusiasm of a boy scout on his first bob-a-job week. Alexander Grant as the Chief Eunuch has a lot of fun with jewels – there are so many pearls involved that the stage looks like an oyster's idea of Valhalla – and Maria Teresa del Real is a rather small-scale Zobeide. If ENB could persuade Dame Edna Everage to play the role, there might be some merry point in dragging back this ancient nonsense from oblivion. Otherwise, the legend of Bakst's designs, of Nijinsky and Ida Rubinstein, were better left in peace.

Clement Crisp

Cecil Taylor

JAZZ CAFE

Cecil Taylor has always demanded a lot from jazz audiences. Last year he released a formidable 11-CD recording Cecil Taylor in Berlin '88 (FMP) which retails at over £100. Wire magazine thought it the outstanding release of 1990 and I know of at least one critic who actually bought it.

Abstraction is a serious business and Taylor is a serious character who drives you to it with few stops on the way. The Feel Trio, which consists of Taylor at the grand, fellow American and longtime sideman William Parker on acoustic bass and Englishman Tony Oxley at the drums, is not for the musically squeamish.

Thanks to the peculiar geography of this London club, The Feel were able to make a disturbing impression before they were within attacking distance of their instruments. As the lights dimmed a yowling cacophony set up, accompanied by what seemed to be the sound of cutlery being thrown around. Some members of the audience, assuming the chef had been on the bottle, hissed loudly for quiet. Then Taylor appeared, locks shaking, creeping around the catwalk and apparently reading the howls from his notes, helped in part by Parker. Oxley, who is a Yorkshireman, said nowt.

The singing is a recent addition, the piano attack is not. Having spent a couple of minutes familiarising himself with the stool he adopted the crouching stance, locks draped in a curtain across his face and began to drop his cluster bombs of chords. Occasionally he lifted his head to gulp in air before diving into one end of the keyboard to victimise a couple of keys with both hands. Then, taking another deep draught, he moved to hit out at both ends simultaneously. Within half an hour of a continuous set lasting a little over an hour, Taylor was elbow deep in keys and his shirt sopping wet.

Oxley, the while, hammered his blocks and cymbals more dourly but with no less industry. The kit, and the swirling, circular motion Oxley employs to beat it, works beautifully with Taylor's sparklingly percussive piano. It is like a Meccano set adorned with small unpolished cymbals, wooden blocks and, most importantly, a sheet metal cowbell which when scraped by Oxley makes an exquisitely excruciating noise – a cross between a rail crash and fingernails on a blackboard.

Parker's contribution on plucked bass was inaudible, but when sawing with a bow in what approached a solo it meshed well with Oxley's teeth grating accompaniment.

The sum is a sound to purge you of your ills. A few blue notes and the suggestion of a melody aside, Taylor is burning incandescent as ever.

Garry Booth

INTERNATIONAL
ARTS GUIDE
TODAY'S EVENTS

■ BERLIN

Altstadt-Theater-Spandau 20.00 Tartuffe, play by Molière staged in an informal, open-air setting. Runs till Sun. Next week: A Midsummer Night's Dream (331 6920)

■ BUDAPEST

Carmelite Court 20.00 Oliver Dohnanyi conducts the Hungarian State Symphony Orchestra (Szinhaz u. 1-3)
Margaret Island Open-Air Theatre 20.30 Final performance this season of Porgy and Bess, starring Colette Warren, Charles Williams, William Roy and Marjorie Vance (booking at Hilton Hotel or Theatre Booking Office at Andrassy ut 18)
Merlin International Theatre 19.30 Ferenc Molnar's entertainment The Play's The Thing, performed in English. Runs Mon to Sat, with matinee and evening performances on Sat (courtyard of the City Council, Gerloczy u. 4, tel 117 9338)

■ HAMBURG

Kammerspiele 20.00 Kiss Me Kate, musical by Cole Porter. Runs till Sat (4140 1415)
Komödie Winterhuder Fährhaus 19.30 So bin ich nun mal, comedy by Donald Wilde. Runs Mon to Sat till end of August (2707 5270)
Sommertheater-Festival auf Kampnagel Hamburg's annual festival of experimental theatre opens on Fri and runs for three weeks. More than 20 independent theatre groups from eight countries are taking part, including Britain's Michael Clark and representatives from Lithuania, France, the United States and the Soviet Union (351721)

■ HEIDELBERG

Schloss 20.00 Castle Festival production of Cosi fan tutte. Fri and Sat: The Student Prince (06221-583521)

■ LONDON

DANCE
Covent Garden 19.30 Birmingham Royal Ballet triple bill: Galina Samsova's production of Paquita, Frederick Ashton's Jazz Calendar and Graham Lustig's Inscape. Repeated tomorrow, with David Bintley's full-length ballet Hobson's Choice rounding off the season on Fri and Sat (071-240 1066)
Royal Festival Hall 14.30 and 19.30 English National Ballet triple-bill: Alicia Markova's Les Sylphides, Christopher Bruce's Swansong and Fokine's Scheherazade. Tomorrow, Fri and Sat: ballets by Vicente Nebrada, Ben Stevenson and David Lichine (071-928 8800)
MUSIC
Barbican 20.00 Caribbean Carnival Extravaganza: calypso, steelband and dancing from Trinidad, runs till Sun (071-638 8891)
Queen Elizabeth Hall 19.45 The Man Who Lit Up The World, a celebration of black invention in a West Indian carnival-type show, repeated on Fri (071-928 8800)
Royal Albert Hall 19.00 Jerzy Maksymiuk conducts BBC Scottish Symphony Orchestra in Xenakis' Shaar, Stravinsky's Petrushka (1947) and Dvorak's Violin Concerto, with Tasmin Little. At 22.00 the BBC Singers and Capricorn, conducted by Simon Joly, give the world premiere of David Sawer's Songs of Love and War, plus Steve Reich's The Desert Music. Tomorrow: BBC Symphony Orchestra plays Britten, Bartok and Lutoslawski. Fri and Sat: Finnish Radio Symphony Orchestra (071-823 9998)
THEATRE
● Spunk is a widely acclaimed New York Public Theater production written and directed by George Wolfe, adapted from short stories by the black American Zora Neale Hurston, using blues and dance to illustrate three compelling tales of survival (Royal Court 071-730 1745).
● The Manchurian Candidate (1959) is a play by John Lahr from the novel by Richard Condon, about a brainwashed all-American hero returning home from a Middle East war. A New Vic Company production directed by Robert Midgley, starring Gerard Murphy, Sian Phillips and Connie Booth. Ends Sat (Lyric Hammersmith 071-836 3464).
● The Rose Tattoo is a Peter Hall Company production of Tennessee Williams' heated but joyful celebration of sex, starring Julie Walters (Playhouse 071-839 4401).
● 70 Girls 70, a musical by Kander and Ebb (of Cabaret and New York, New York), is an evening of harmless fun and amusement, distinguished by Dora Bryan's superb performance as Ida (Vaudeville 071-836 9987).
For information about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Co medies 0836 430961 Thrillers 0836 430962

■ NEW YORK

MUSIC
Avery Fisher Hall 20.00 Hans Graf conducts an all-Mozart programme with the Mostly Mozart Festival Orchestra and soloists Jean-Pierre Rampal, Marielle Nordmann and Anne-Marie McDermott. Tomorrow: Bruno Weil conducts Schubert's two last symphonies with The Classical Band, a period-instrument orchestra. The Mostly Mozart Festival runs till Aug 24 (875 5030)
New York State Theater 20.00 Richard Bradshaw conducts Jonathan Eaton's staging of Cav and Pag, updated and transposed to the Little Italy neighbourhood of New York at the turn of the century. No performance tomorrow. Fri: La boheme (870 5570)
OFF BROADWAY THEATRE
● Red Scare on Sunset is a play by Charles Busch focussing on the 1950s Hollywood actress Mary Dale (played to the hilt by Charles Busch) who finds out to her horror that she is married to a communist (Lucille Lortel Theater, 121 Christopher Street, 924-8782).
● Pageant is a musical spoof of beauty contests, a deft and rowdy parody conceived and directed by Robert Longbottom (Blue Angel, 323 West Forty-fourth Street, 262-3333).
● Forbidden Broadway is Gerard Alessandrini's popular satirical review, with old favourites mixed with spoofs on this season's flops (Theater East, 211 East 60th Street, 838-9090).
● Prom Queens Unchained is a musical comedy about a senior high school prom queen competition in 1959, with a wide range of fifties sounds by Keith Herrmann, directed by Karen Azenberg (Village Gate Downstairs, 160 Bleecker Street, 475-5120).
Ticketron answers inquiries and sells tickets (246-0102)

■ PARIS

Eglise Saint-Severin 20.30 Les Demoiselles de Saint-Cyr present a programme of sacred music by Nivers and Clerambault. Tomorrow at Eglise Notre-Dame du Travail: John Poole conducts Groupe Vocal de France (4804 9801)

■ ROME

Caracalla 19.15 Concert by soloists of the Teatro dell'Opera, followed at 21.00 by last performance this season of Aida. Tomorrow and Sat: Zorba the Greek. Fri and Sun: Nabucco (488 3641)

■ VIENNA

MUSIC
Arkadenhof 20.00 Bijan Khadem-Missagh is conductor and violin soloist in a programme of Kaufmann, Mozart and Dvorak with the Tonkunstler Chamber Orchestra (4000 8410)
Deutschordenshaus 20.15 Ensemble Per Arte plays chamber music by Mozart and Vivaldi, performed in period costume. Repeated tomorrow, Fri and Sat (679108)
Konzerthaus Grosser Saal 20.30 Gert Hofbauer conducts the Vienna Hofburg Orchestra in a programme of waltzes and operetta favourites, repeated tomorrow in the Hofburg Festsaal (587 2552). Tomorrow and Sat in Konzerthaus: Charles Mackerras conducts English Chamber Orchestra in Mozart and Schubert. Fri: Theodor Guschlbauer conducts ECO (4000 8410)
Konzerthaus Mozart-Saal 20.15 Manuel Hernandez-Silva conducts Vienna Mozart Orchestra, performing in period costumes, also Fri and Sat (713 9951)
Rathausplatz 20.30 Mozart Video Festival: a nightly screening of films of major opera house productions. Tonight: Marco Arturo Marelli's Volksoper production of Le nozze di Figaro. Tomorrow: the Ponnelle production of La clemenza di Tito (211140). Sun: open-air concert by Placido Domingo with the Volksoper Orchestra conducted by Eugene Kohn, with Kallen Esperian soprano. The programme will include opera arias, Viennese songs, Zarzuelas and operetta favourites (4000 8410)
Schönbrunner Schlosstheater 19.30 Vienna Chamber Opera's German-language production of Don Giovanni, repeated tomorrow. Fri and Sat: Le nozze di Figaro (824566)
THEATRE
Raimundtheater 19.30 The Phantom of the Opera, musical by Andrew Lloyd Webber. Daily except Mon (59977)
Theater beim Auersperg 20.15 Two plays by Ionesco: The Lesson and The New Tenant. Runs Tues to Fri till end of August (430707)

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Wednesday August 7 1991

Perestroika in India

INTELLECTUAL conviction is almost always the mother of a radical economic reform. But crisis has usually been its midwife. So it was in Mexico and is now in India. The minority government of Mr P V Narasimha Rao has acted boldly – startlingly so, by Indian standards – in throwing controls and subsidies on the bonfire. Yet the jury remains out on whether the initiative it has successfully seized will lead to an irrevocable turn for the better in India's economic affairs.

It would be wrong (and quite counter-productive) to assume that these radical changes represent nothing more than an unwilling response to external pressures. The winds of intellectual change that brought the inward-looking, centrally planned economy crashing down in China, eastern Europe and the Soviet Union have been felt even in India. They had long since changed the minds of many closely engaged in economic policy. But they were not strong enough to overcome the vested interests – economic, ideological and party-political – so copiously created by India's over-regulated economy. Now, with the force of the crisis behind them, at last they are.

Equally, the IMF must not be held responsible for the austerity that India will endure. For that its own fiscal irresponsibility is to blame. If the IMF and World Bank were not able to assist, India's macroeconomic policy would have to be considerably more restrictive and its devaluation probably far bigger. And if the IMF has accepted a proposed budget deficit of 6½ per cent of gross domestic product, it is being remarkably, perhaps dangerously, permissive.

Little bearing

Moreover, the most striking reforms – the liberalisation of industrial and trade policies – are long-term measures that will have little, if any, bearing, on India's foreign exchange crisis. Dr Manmohan Singh, the new finance minister – a professional economist who has held every significant official position in the making of economic policy – has long wanted to make such changes, as have others now closely involved in the making of Indian economic policy. The tune to which they are dancing is their own, not that of the IMF.

The question is not where these changes come from. It is whether what amounts to revolutionary change in the Indian context will prove adequate to the twin tasks of stabilisation and revitalisation.

The scale of the prospective fiscal deficit must create doubts about the former, doubts that have been increased by yesterday's partial withdrawal of the proposed reduction of the wasteful subsidies for fertilisers. Doubts arise on industrial and trade policy as well, largely because of what remains even after the liberalisation.

Doubts remain

Publicly owned enterprises will remain dominant in large parts of the economy; industrial licensing will continue in the so-called "strategic" sectors; foreign ownership will remain restricted; foreign exchange will still be rationed and import controls be imposed; and sacking of redundant workers will remain almost impossible. The changes may have been radical by Indian standards, but the economy will remain highly regulated by most others.

Equally important is the way in which controls overlap. Access to imports, for example, has been regulated by high tariffs and by import and foreign exchange controls. Liberalisation in any one of these areas may have little impact, especially if the procrastinating bureaucracy is allowed to stay in the way.

Doubts remain. But the new government has, to its great credit, seized the opportunity created by the coincidence of an external crisis with India's election fatigue to put through a bold programme of reform. It will need luck to succeed. The poor monsoon will not help. But it must also maintain momentum. The fiscal position needs to put under still firmer control. Liberalisation needs to be made irreversible by abolishing not merely the controls but the machinery that implements them. The government has gone far; it should go further and, given its fragility, still faster.

The price of risky lending

ALL THE London clearing banks, which between them provide four-fifths of loan finance used by the UK small company sector, have now announced their interim results, and they are better than some may have feared. Bad debt provisions have risen sharply, with small company finance in the UK and property lending the main sources of potential loss. But all four have sharply cut their costs of operation – or at least that proportion of costs recovered in charges – and have therefore been able to maintain their dividends and avoid any call on their shareholders.

The banks clearly have some hard lessons to learn, especially those about lending on the basis of speculative asset values. But their fears seem to spread well beyond such specific past mistakes. All four, in their different ways, have suggested that they will in future treat small business lending with greater caution. Sir John Quinton, for Barclays, said that it was no business of clearing banks to provide equity capital – an implicit threat of a partial withdrawal from this market; Mr Brian Pearse of the Midland said much the same. For NatWest, Lord Alexander put it differently: "We'd obviously have to ensure that the (loan) margin is sufficient" relative to the risk taken by NatWest, he said.

This is surely the commonsense approach: most borrowers can swallow a disappointment over falling interest rates (though hardly with relish) provided their normal supply of credit is not interrupted. Indeed, it is clear that much lending was under-priced in the days of carefree expansion, so an increase in spreads should have been expected.

Political element

The scale of the loss provisions may have a political element, and the sulky rhetoric of Barclays and the Midland is probably directed at ministers rather than at their hard-pressed customers. Why should the banks run risks with their shareholders' money, and then get insulted for it?

This argument is an unfortunate distraction from the real question thrown up by the present business recession – a question which has come up in every major recession in the past 60 years at least, and yet seem no nearer solution. The question has many forms: how far should banks provide capital which carries at least an element of risk? How should they treat such exposures once they have inadvertently incurred them? Should they seek to charge more to cover the failures, or rather to share in the rewards of the successes? All these reduce in the end to what was once known as the Macmillan Gap, or more recently under Sir Leslie O'Brien's governorship as the need for banques d'affaires on the European model.

Deregulation problem

Since 1979 the government has sought an answer to this problem in deregulation, in the hope that the market would generate new competition to drive the banks into the financing gap. This has not been a success. Foreign-owned banks have naturally concentrated on the big, internationally-known borrowers. The privatised Trustee Savings Bank has tried to combine a service for small savers with money-centre operations: Abbey National, the first big building society to become a bank, makes a virtue of avoiding industrial lending.

It is only realistic, then, to recognise that if an answer is to be found, the clearing banks will have to take the lead in providing it. The government has already asked the banks to submit their own individual codes of conduct in relation to their customers: but the question as put seems to be related to risk premiums, arbitrary charges and other bankerly habits which arouse complaints for constituents. It would be more helpful, surely, to ask the banks, individually again, to develop their thoughts on clear definition of core as opposed to working capital, the terms on which they might find it rewarding as well as risky to provide some actual equity participation, and a form of contract which would make it clear to borrowers how much support they could rely on in difficult times, and what it would cost. What enterprise needs is reliable finance, and it would be happy to pay for it.

Kenneth Gooding on the price of platinum as supply outpaces demand

White metal, blue market

Nervous and disillusioned Japanese investors have sent the price of platinum plunging. They are worried about two things: first, a huge jump in exports from the Soviet Union, which needs foreign currency to pay for essentials such as food; second, the determination of the car makers – who provide platinum's biggest market – to eliminate the metal from their automotive catalysts.

Platinum reached a record $1,000 a troy ounce in 1986, sent sky-high by fears of inflation. But today it is struggling to hold above $350. During most of the past five and a half years platinum commanded a premium of about $100 an ounce over the price of gold. Now gold is more expensive.

Since the end of 1988 the price of platinum has been drifting steadily downwards but most Japanese investors have held on – even when warned recently by Johnson Matthey, the world's biggest platinum marketing organisation, that supply in 1991 would outpace demand for the first time since 1984. In its annual review, Johnson Matthey said the surplus would go on growing for some years.

Mr Jeremy Coombes, author of the review, says even though there will be enormous growth in the demand for platinum – the automotive, jewellery and other industries will need about 1m ounces (31 tonnes) more a year by 1995 – supply might well exceed that. "We have the possibility, at least on paper, of 1.3m ounces a year of additional platinum by the mid-decade," he says.

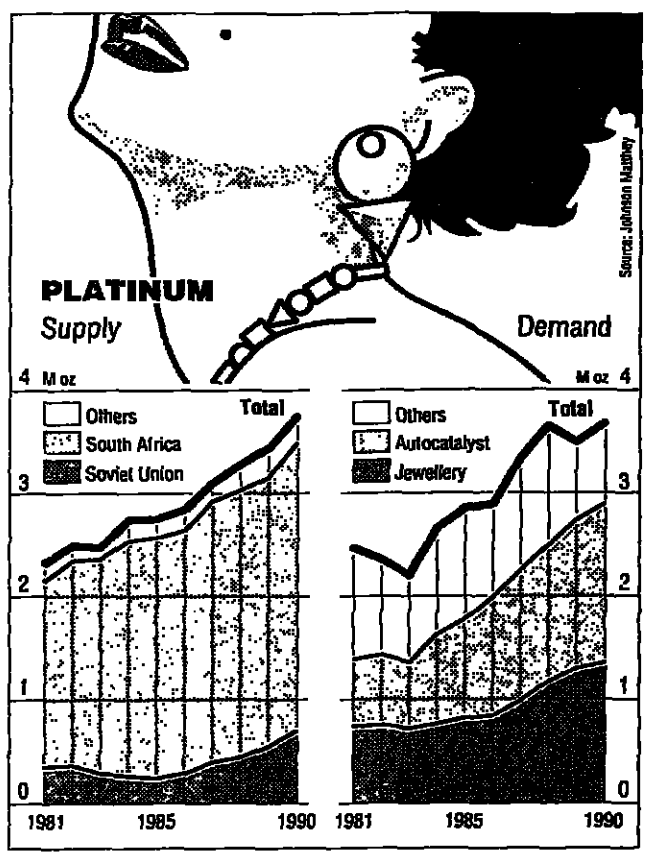
Japanese nervousness was compounded when it became apparent over the past few weeks that exports of platinum from the Soviet Union were soaring. Last year Soviet exports jumped from about 500,000 ounces (15.5 tonnes) to more than 700,000 ounces. In the first half of this year the Soviet Union shipped more than 1m ounces to Switzerland.

Observers suggest that most of this platinum has been used as collateral for loans or for "swaps" – the system where metal is sold to raise cash but is simultaneously bought back for delivery at some specified future date. Swapping platinum or gold is much cheaper than borrowing currency.

They say the Soviet Union is running down its stocks of platinum rather than using gold because it wants to keep its gold reserves in reasonable shape for the time when the country joins the International Monetary Fund.

Although swaps or loans should not create waves in the physical platinum market, they do increase the amount of metal available for borrowing. It usually costs 5 to 6 per cent to borrow platinum; today the lease rate is between 1 and 2 per cent. Mr Neil Carson, Johnson Matthey's general manager, marketing, laments: "It gives the impression the market is awash with platinum."

Some industry observers suspect that the full impact of Soviet exports has yet to be felt in the market. "What happens when the loans mature?" they ask. They are not placated by market professionals such as Mr Carson who insist there is no sign of panic by the Soviets. "They have not changed their way of doing business. Most of their platinum sales are against contracts with consumers," he says.



Such reassurances have not, however, prevented the price of platinum from collapsing. Neither have recent rumours that some kind of cartel arrangement for platinum was being devised by South Africa and the Soviet Union, which between them account for about 95 per cent of world production.

The intense pressure low prices are putting on producers was illustrated yesterday with an announcement that Impala, the world's second-largest platinum company, is coming to the rescue of the troubled Crocodile River mine in South Africa. Impala is taking a 38 per cent shareholding in Crocodile's owner, the Barplats Group, the platinum arm of Rand Mines.

But it is unlikely that South Africa and the Soviet Union would attempt to set up a cartel. Such a move would make them unpopular because platinum is essential to the industrialised world. The metal is used to produce at least one out of every five consumer products: for example, glass; plastics; pharmaceuticals; computer chips and fibre optic cables.

Important industries would grind to a halt without platinum: not only is it a key material in the production of refined oil and petrol, it is also the metal which car makers rely on to clean up most of the pollution their engines emit.

Of the 112 tonnes of platinum consumed last year in the industrialised world, 48.4 tonnes went into automotive catalytic converters. These clean the exhaust emissions from internal combustion engines, removing carbon monoxide, which is poisonous, and oxides of nitrogen, which cause acid rain.

Autocatalysts overtook jewellery as the biggest user of platinum as recently as 1989. Last year it is estimated that 42 tonnes of the metal went to make jewellery, while the petro-chemical industry, the next biggest user, took about 6.4 tonnes.

More than half of the platinum produced goes to Japan. Nearly 90 per cent of all platinum jewellery is sold there and all investment in 500 gramme and 1 kg bars is concentrated in that country.

It is estimated that about 100 tonnes of platinum is held by the Japanese. There is also a growing supply of secondary (or scrap) metal from all over the western world. Japanese stocks and the growing availability of scrap has wrenched control over prices away from the platinum producers. The liquidity provided by these sources has allowed healthy markets in the metal to develop at the Tokyo Commodity Exchange (Tocom) and the New York Mercantile Exchange (Nymex). Though most speculators on these markets have no intention of taking delivery of physical platinum, their presence has stopped producers from setting prices to suit themselves.

Japan's love affair with the metal started after the second world war when the government banned individuals from holding gold to block off one investment outlet for the limited capital available. The government wanted the money to be devoted to restoring the war-ravaged economy. Many Japanese investors simply switched to platinum. It is virtually corrosion proof, is durable and has a high melting point (3,215 deg F) which makes it practically indestructible. Its excellent conductivity and strong catalytic properties also appeal to industrial users; it initiates chemical reactions and enables them to proceed under different conditions, for example at lower temperatures.

Japanese investors might well have continued to ignore the short-term turmoil in the market if their confidence in platinum's long-term future had not almost completely dissolved under pressure from the motor industry. This started in December 1988 when Mr Donald Petersen, then chairman of Ford, slipped into a speech that the company had developed a catalyst which excluded platinum and rhodium and used palladium, which is cheaper.

For many Japanese investors the last straw was the revelation on May 30 this year that Nissan, second-largest of the Japanese motor groups, had developed a platinum and rhodium-free catalyst costing only a third as much as a conventional model. The platinum price dropped $30 an ounce in a few hours. Nissan waited before explaining that it would take another three years before the catalyst was in production and that it would then be suitable only for small cars and only for use in Japan.

But Ford and Nissan raised questions about the assumption that more and more platinum would be needed as ever-tightening car exhaust emission legislation enveloped the industrialised world.

"What Ford and Nissan have done is to plant a seed of doubt that autocatalyst technology might not be quite as fixed as the market assumes or the miners wish," points out Mr Andy Smith, an analyst with the Union Bank of Switzerland.

Catalysts make no contribution to reducing carbon dioxide emissions, widely claimed to damage the world's protective ozone layer. So legislation is begining to set a pace which conventional engine and emission control technology – incorporating platinum – cannot match.

Mr Smith says: "California's new requirement that 2 per cent of its cars must have 'zero' emissions by 1998, rising to 10 per cent by 2003, can only be met by some form of electric vehicle. This effectively bypasses catalyst technology and the internal combustion engine."

All this uncertainty has finally eroded the Japanese resolve. Japanese investors are cutting their losses on platinum contracts, South African producers are reconsidering their expansion plans and the value of the Soviet stockpile is diminishing by the day.

The price of past excesses

UK construction companies are in trouble, says Andrew Taylor

Anyone who thought they had heard the worst of the bad news from Britain's construction industry has just received a rude shock. After a brief rally in March and April, the housing market has lurched back into recession. Commercial property remains deeply depressed and construction orders are declining. The forecast from building employers is that conditions may get even tougher.

Casualties this summer have included senior executives of some of Britain's biggest house builders. Last week Mr John Swanson, chairman and chief executive of Barratt Developments, resigned after the country's third largest house builder revealed pre-tax losses of £100m in the 12 months to the end of June. Sir Lawrie Barratt, the company's 63-year-old founder, has been brought out of retirement to rescue the group.

Last month Crest Nicholson, a house builder and commercial property developer, announced the departure of Mr Roger Lewis, its chief executive, following pre-tax losses of £33m in the six months to the end of April.

Yet in a sense, the construction crunch is only just beginning. The National Council of Building Material Producers, representing 2,000 companies with a combined annual turnover of more than £20bn, has forecast that UK construction output is likely to fall by 11 per cent this year and by 5.5 per cent next year. These would be the first annual reductions in output since 1981. Between mid-1989 and next summer, the industry may have shed some 250,000 jobs, according to the Building Employers Confederation. Mr Ian Mackenzie, chief executive of Blue Circle's cement division, said: "Prospects for this year and next are dreadful."

A surprising aspect of such a sustained downturn is that a big company has yet to fail. Banks, despite evidence of creaking balance sheets, appear to be making a genuine attempt to keep big groups afloat. Medium and smaller sized companies, so far, have been more vulnerable.

The longer the recession lasts, however, the more likely it is that some large companies will require financial restructuring. Beazer, which is floating off its European business to reduce debts of £1bn, could be joined by other groups with an urgent need to raise cash.

The extent of the pain being inflicted on companies' balance sheets should become clearer when the UK construction results season gets under way in a few weeks. Barratt has warned that it will be making provisions of £80m to cover potential future losses on developments.

Other construction companies are expected to make similar provisions, in addition to those that they have made already, to cover losses on land bought at expensive prices in the late 1980s. Several groups, which previously have been paying dividends out of reserves, may be forced to cut dividends.

Wimpey, Britain's second biggest house builder, is expected by some City analysts to have made a small loss for the first time in its history, during the first six months of this year.

The industry's problems are a hangover from the recent past: the big increase in building activity, encouraged by easy credit, during the late 1980s – when growth in UK construction output outstripped every European country except Spain. This was the period when bricklayers could earn up to £1,000 a week on London building sites and Britain's trade deficit in building materials rose to almost £3bn, accounting for 12 per cent of the country's visible trade deficit in 1989.

One result is too many offices chasing too few tenants as the economy has gone into recession. Another is a rise in borrowings which property companies are having difficulty servicing. Since 1980, the bank debt of property companies (in 1991 prices) has risen from £5bn to more than £40bn at the end of last year, according to the Bank of England.

Construction companies, many of which have developed commercial property and house building arms, find themselves squeezed from all sides. The money they had borrowed to pay for developments now costs more; higher interest rates also have inhibited demand, forcing down property prices.

Most worrying has been the failure of the housing market to respond to interest rate cuts.

The National Council of Building Materials is forecasting a fall in commercial construction of 20 per cent this year and 30 per cent next year. Industrial building is expected to decline by 7 per cent and by 10 per cent respectively.

The long term outlook for the housing industry is even less clear. The government seems determined to prevent a return to the soaring prices of the late 1980s which it blames for stoking up inflation.

It is unlikely the government will have to face this test for some time. It took seven years for the housing market to rise from the depths of the last recession in 1981 to the peaks of 1988. Recovery is likely to be slow, even when the housing market does start to pick up. As for those involved in commercial property, the market is unlikely to see any recovery until the large amounts of vacant space start to be filled – a development that could be at least 18 months away.

OBSERVER

Abbey joins the club

■ Oh dear. I hear that the movers and shakers at the Abbey National, the star of the UK banking sector, are making their debut at this year's International Monetary Fund meeting in Bangkok. It must be a sell signal.

The secret of the Abbey's success – its shares have doubled since flotation two years ago – is that, unlike the TSB and the other UK clearing banks, it has never had ideas above its station. It is rather good at lending money on UK houses, collecting savings deposits and keeping its costs down. Who knows what sort of big ideas chief executive Peter Birch and his henchmen will return with after a trip around the Bangkok cocktail circuit.

Many of the imprudent international lending decisions, still haunting the banks balance sheets, were hatched over the champagne and lobster at such events in the 1970s. Once the men from the Abbey begin rubbing shoulders with their peers from J.P.Morgan, Bank of Tokyo and the Union Bank of Switzerland there will be no holding them. Next stop, membership of the exclusive International Monetary Conference perhaps?

Indeed, Observer hears that the Abbey may have been discreetly sounding out other UK bankers to make sure that it gets invited to the right sort of cocktail parties. Funny it needs to do this, since Charles Villiers, head of Abbey's corporate development, is an old IMF hand from his County NatWest days. But apparently, he has not been invited along.

Talent spotting

■ Meanwhile NatWest's move to strengthen its board looks encouraging, if overdue. The addition of Unilever's Sir Michael Angus and the well-connected Sir Charles Powell shows that despite its well-publicised problems NatWest has no difficulty recruiting top talent into its boardroom. Indeed, in terms of the deputy chairmanship, Sir Michael is a more prestigious figure than his predecessor, Sir Christopher Tugendhat.

However, much the most interesting appointment is John Melbourn, the new chief executive in charge of group credit risk. NatWest chief executive Tom Frost describes him as "the best lender in the business" and says he has "shoulder blades like an early warning radar system". Success in this job could mark Melbourn as the obvious successor to Tom Frost, especially if he were to take early retirement.

The downside is that Midland Bank tried something similar in the days when it had a far flung international empire and it did not stop it losing further huge amounts.

Legal teaser

■ It worked before, so why shouldn't it work again? When Chris Joseph's Hook Advertising bought a fancy sports car which kept on breaking down, he hired a giant mobile bill board listing the faults and parked it outside the offending showroom. In no time at all he got his money back.

Now Hook has decided to adapt the technique to pressure an oil giant, an international electronics empire and a global banking business. He refuses to identify the parties involved or even to explain his complaint. However, he confirms that he is the man behind an enigmatic unsigned advert in yesterday's edition of The Times. He describes it as "a warning shot to a few people" and hopes it will "crystalise" a few things.

All very mysterious. One possible clue for anyone wanting to crack this advertising whodunnit is that two years ago Hook was reported to have won the advertising account for the BYPS Telepoint consortium which consisted of Barclays, Philips and Shell. Since then BYPS has been bought by Hutchison Telecommunications.

It all sounds like a row over an unpaid advertising bill. Interesting to see whether advertising really does work in this instance.

"What if the 1980 presidential election has to be resat?"

Digging deeper

■ Time may be running out for one of Africa's veteran presidents. Kenneth Kaunda, Zambia's leader since independence in 1964, faces a challenge on two fronts. Forced last year to recognise the opposition Movement for Multi-party Democracy (MMD) in what had hitherto been a one-party state, this week he takes on a contender from within the ranks of his ruling United National Independence Party (UNIP).

Enoch Kavindele, 42, a prominent Lusaka businessman and member of UNIP's central committee, is standing against Kaunda at a special congress to prepare for multi-party elections due to take place by October. Few expect him to win, but such a contest would once have been unthinkable. Kavindele is active on another front. He is a backer of Zambia's new independent newspaper, the Weekly Post ("The paper that digs deeper"), along with Theo Bull, grandson of Alfred Beit, the diamond magnate.

Beit, a partner of Cecil John Rhodes and a board member of De Beers, joined Rhodes and Leander Jameson in the abortive conspiracy to overthrow the Boer republic in the Transvaal and instal a government more sympathetic to the mining houses. His grandson's more modest entry into the political arena should have a better chance of success.

Flaw-proof

■ For each of the past three months Scottish Life has overcharged reader David Chipchase on a policy he pays by direct debit. Each time he has complained, the extra has been refunded, and the company has written apologising.

What makes him despair it will ever correct the error is that its letters are signed by a Mr Faultless.

Vanishing trick

■ *Magician Julian Russell's first gag of the day after he stepped ashore from the wreck of the Greek-owned Oceanos:*

Heard the one about the magician on a cruise ship who has a parrot that keeps wrecking his jokes?

One day the ship sinks and the magician and his parrot find themselves on a liferaft. The parrot looks around. "Okay", it squawks, "I give up. What did you do with the ship?"

It's almost as good as the one about the disappearing captain.

LETTERS

The NCC still champion of disadvantaged

From Mr Maurice Healy.

Sir, I should like to correct one point in John Willman's interesting article ("Consumerism comes of age", July 27) about the Citizen's Charter. He says that the National Consumer Council has lost "its special remit to speak for the disadvantaged".

There has been no change in our remit. Our memorandum of association still says, as it always has, that one of our tasks is "to insist that the interests of all consumers, including the inarticulate and disadvantaged, are taken into account". And the council still interprets this, as it always has done, as a duty to give special consideration to the needs of the inarticulate and disadvantaged.

In the past year alone, the council has, among a long list: called for stricter controls over the growing army of private bailiffs in England and Wales; pointed to the hardship that water metering could cause for many households; pressed for a rental deposits board to take charge of private tenants' deposits and ensure that they are automatically paid at the end of the tenancy; highlighted council tenants' discontent and issued guidance to councils on how to communicate better; argued successfully that the social security system should be included in the Citizen's Charter; highlighted the problems of people locked into extortionate credit agreements and called for courts to have new powers to investigate credit agreements, set different rates of interest or even write off bad debts.

Maurice Healy,
director,
National Consumer Council,
20 Grosvenor Gardens,
London SW1W 0DH

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

German position indicates two-speed move to monetary union is likely

From Mr John Stevens MEP.

Sir, David Marsh's article, "Germany gets the monetary jitters" (August 6), seemed to me to be mistaken in detecting a cooling of German enthusiasm for European Monetary Union (Emu). Perhaps he has been taken in by their robust negotiating tactics.

Of course, the Germans do not want to give up the Bundesbank in return for a Community institution less clearly committed to price stability. But a properly independent European Central Bank, dealing with various governments, all on different electoral cycles, has every chance of being seen as an even more effective assurance to the financial markets of anti-inflationary credibility than the Bundesbank.

Recently, the Bundesbank has experienced the limitations even of its substantial legal freedom in the face of national elected authority. Moreover, Germany's inflation rate, over the next few years, seems likely to be higher than that of France, the Benelux, Denmark and of the UK.

Far from undermining German monetary rectitude, the creation of a single currency with these countries would actually enhance it. This is especially the case as such a monetary union would provide a far larger integrated pool of savings and thus ease the strain of reunification now falling on D-Mark capital markets.

It is small wonder, then, that the government of the Federal Republic and the Bundesbank have been so vigorously promoting the idea of a two-speed move to Emu which would grant them these advantages now, without the burden of carrying member states with fiscal and inflation problems that will require a rather longer period to resolve.

Because of the strength of the German position, because of the French, and, indeed, the widespread desire to contain Germany, through the framework of a single currency, and, finally, because of Britain's concern not to have a general commitment to monetary union, it seems prudent to assume that some sort of two-speed Emu will be agreed at Maastricht in December.

If this is the case, an inner core could then proceed much faster than many observers, including Mr Marsh, seem to expect. This would present Britain, economically able to take the fast track but now politically reluctant, with a difficult decision.

John Stevens,
15 St James's Place, SW1

Why Third World views BCCI as victim of vindictiveness

From Mr H B Khokhar.

Sir, The drug money laundering trade is now a worldwide phenomenon with an annual turnover of about $200bn. The alleged Bank of Credit and Commerce International involvement in such a massive turnover could have been only minuscule since its total assets were $22bn.

The bulk of this illegal money laundering was being done by various western banks themselves. But this fact is unfortunately being totally ignored by the media in the UK and other western countries. Bank regulators in western Europe and north America have singled out and completely destroyed the only leading Third World Moslem bank for alleged acts of commission and omission, purely in a mood of racialism and contempt. This is a Third World view.

The US indictment and earlier shut-down of BCCI by the governor of the Bank of England are viewed by the Third World media as the latest in a series of unfair and vindictive western actions against a leading Third World bank which dared to intrude successfully into their world of big business and finance.

Many Third World newspapers, especially in the Gulf and Asia, have come commented that international politics are now involved in banking and that BCCI was a victim of this. "BCCI is being targeted in a systematic way throughout the west with a callousness which reflected racist hostility and a bigotry," said a leading Pakistan daily on July 31. There is a lot of concern over the one-sided media coverage of BCCI, especially in the UK.

H B Khokhar,
president,
Council of Third World Newspapers,
London W2

Total mortgage arrears figure

From Mr Adrian Coles.

Sir, Your article, "Mortgage arrears data announced" (July 31), significantly overstates the extent of mortgage arrears in building societies.

You state that "mortgage arrears among home owners rose to just under 5 per cent of all mortgage balances by the end of last year". In fact, the annual report of the Building Societies Commission shows that arrears on mortgages over six months in arrears and properties in possession amounts to 0.63 per cent of total mortgage balances. The "just under 5 per cent" figure refers to the sum of the balances outstanding on which arrears exist. This is, of course, a much higher figure than for the sum of arrears alone.

Adrian Coles,
head of external relations,
The Building Societies Association,
3 Savile Row, W1X 1AF

Training: accounting for employers', and Tecs', expenditure

From Mr Mike Webber.

Sir, It is hardly surprising that official figures for employers' expenditure on training are being attacked (UK News, August 5); but it doesn't follow that the figures are necessarily wrong. Over-estimates of costs in some areas were almost certainly balanced by under-estimates in others, as those of us who commented about the study are only too well aware.

If the management of the UK's training effort requires reliable data for training expenditure there is only one way to get it. That is to have a Statement of Accounting Practice for the costing of training. If an SSAP were in place then collection of data on training expenditure would become part of employers' normal computerised data collection routines and the accuracy of the figures could be the subject of normal commercial audit.

It would then be meaningful for companies to include measures of training expenditure in their annual reports. This information could be of value to investors, since training investment is related to companies' ability to earn profits.

There have been many reports drawing unfavourable comparisons between UK training expenditure and that of competitor countries. If we cannot trust the figures from the most thorough study to date, and in the absence of an agreed definition of what constitutes training expenditure, much of the criticism of UK performance in this area may be spurious.

Mike Webber,
chairman,
National Council of Industry Training Organisations,
11 Green Street, London W1

From Mr Stephen Cowell.

Sir, Your leader, "Target training" (July 26), questioned the openness and accountability on Training and Enterprise Councils and suggested that an annual reporting mechanism – possibly to parliament, was needed.

Such a mechanism is already in place. Tecs have clear targets; 25 per cent of the money allocated for training is conditional upon output targets being met. This mainly means numbers achieving National Vocational Qualifications. In Northumberland Tec 100 per cent of money spent on Youth Training is output related.

Only recently Michael Howard, employment secretary, published details of performance bonuses to Tecs. These related to Tecs targets. Tecs are required to make public their corporate plan, to hold public meetings and publish reports as to performance against targets.

Stephen Cowell,
chief executive,
Northumberland Tec,
2 Craster Court,
Manor Walks, Cramlington,
Northumberland

Robert Mauthner

The EC's moment of truth

The Community must be more flexible in the way it goes about negotiating its enlargement

FOREIGN AFFAIRS

The European Community is suffering from a serious bout of indigestion and has yet to find the cure. That is hardly surprising given the rich fare that has been heaped on its plate over the last 12 months. The problems facing it range from German unification, its own monetary, political and security development, and its relationship with the European Free Trade Area, the eastern European countries and the Soviet Union, to the latest addition to the list, Yugoslavia. Overload, however, is not the only reason for the snags which have delayed progress in both the negotiations with the Efta countries and the new east European democracies of Poland, Hungary and Czechoslovakia. Part of the reason is that the EC has yet to work out a coherent concept for enlargement. The argument about which policy should be given priority – the "deepening" or "widening" of the Community – has not been settled and continues to haunt both sets of negotiations.

It is no secret that Mr Jacques Delors, the European Commission president, was initially strongly opposed to enlarging the Community until the Twelve had taken their next important steps on the road to integration – the conclusion of a monetary and political union treaty. Others, like the British government under Mrs Margaret Thatcher, put the accent on "widening".

Each camp suspected the other of having a hidden agenda. Mr Delors and his supporters were convinced that the former British prime minister's enthusiasm for a rapid enlargement of the Community while putting the negotiations on monetary and political union on ice, was closely linked to her conviction that the new entrants would help to scuttle these projects. The "wideners", on the other hand, firmly believed that Mr Delors, backed by France, did not want to see the Community expanded at all to take in neutral countries such as Austria, Sweden or Switzerland, which could prevent the EC from ever having a common foreign and security policy.

The obvious compromise was to pursue both the deepening and widening objectives simultaneously. This the Community has done, but in the case of the enlargement negotiations, with too many mental reservations to ensure their success. The broader historical perspective of creating a Europe-wide community of free-market democracies has been obscured by squabbles about Norwegian fish and heavy lorry transit rights in Austria and Switzerland. The very fact that the original objective was the creation of a European Economic Area, a single market embracing both Efta and the EC, but not a wider European Community giving the Efta countries equal rights as full members, demonstrates a surprising lack of vision on the part of both the Community and the applicants.

That limited objective, whose avowed purpose was to allow the Efta countries to share in the single market while dissuading them from applying for full membership and thus derailing Mr Delors' carefully-laid plans for the Community's internal development, has turned out to be a bad misjudgment. The EEA negotiations have been suspended until September after efforts to find a compromise on the Community's share of Norway's fish catch and the amount of the Efta countries' loans for the Community's poorer regions had broken down. While it is probable that they will be resumed, it is certainly possible that they will never be concluded.

Larger issues have been obscured by squabbles about Norwegian fish, and lorry transit rights in Austria and Switzerland

Several of the Efta members have discovered that their decision-making powers and independence would be more seriously undermined by membership of the looser European Economic Area than by full adherence to the European Community. They would be consulted on new legislation prepared by the EC, but would not have a decisive say.

At the same time, the hurdles to full membership suddenly appeared to have been reduced. Objections by the Community to potential members' traditional policies of neutrality had lost their sting in the non-confrontational post-Cold War climate, according to Austria and Sweden. These policies are not, in any case, enshrined in law in either of these two countries.

If the EEA idea has boomeranged, the Community must shoulder a large part of the blame. Though the political onus to create a wider European grouping in the aftermath of the cold war was clearly on the EC, it has been unwilling to make the kind of concessions that would make the project palatable to countries with fiercely independent and sophisticated democratic traditions. Yet the result has not been an entirely unhappy one, since it has led to a fundamental reappraisal by the Efta countries of their previous opposition to full membership.

After Austria, Sweden has now applied for full membership and others, such as Finland and Norway, could follow in their footsteps. Even Switzerland, in spite of the difficulty of reconciling its system of cantonal and popular democracy with the Community's present system of decision-making, is having second thoughts about membership in its 700th anniversary year. None of these countries, whose economies have become increasingly intertwined with those of the European Community, can contemplate life apart from the EC with equanimity. Negotiations for full membership, if they go ahead, should prove somewhat easier than those for the creation of a European Economic Area. As full members, the problem of what voice to give to the Efta countries in making EC legislation will no longer arise. They will participate by right.

Yet it would be a mistake to believe that everything from now on will be plain sailing and that the neutrality issue will just die a natural death. The Gulf crisis, the reduction of US forces in Europe and the risks of regional conflicts either inside or on the borders of Europe, have underlined the need for a stronger European security and defence identity. If that is achieved under the different hat of the nine-nation Western European Union, it should present less of a problem for the neutral applicants. But if it is decided by the intergovernmental conference on political union at the end of this year that the EC should be given a role in this process, matters will be made more difficult for the prospective members, unless they change their position on neutrality.

In that case it should be possible to envisage a different kind of membership, under which countries such as Austria and Sweden could fully adhere to the Treaty of Rome and the Single Market, while remaining outside any security arrangements. Equivalent gestures should be made in the association negotiations. The declared objective of helping the east Europeans to stand on their own feet economically can be achieved only if the EC drops its restrictions on their exports of farm products, textiles and steel. To expect east European countries to adopt free-market principles at home while their exports continue to face highly-protected foreign markets is a blatant and unacceptable contradiction.

What is important now is that the Community should at last adapt its *Weltanschauung* to the momentous events which have changed the face of Europe over the last two years. The opportunity to create a wider Europe, including the Efta countries and eventually embracing the east European democracies, must be grasped while it is available.

Contrary to the protestations of some "deepeners", that does not entail tearing down the Community's fabric and weakening it beyond repair. It does, on the other hand require the abandonment of rigid enlargement models and much more flexibility and imagination in negotiating the terms that are offered to prospective members or associates.

PERSONAL VIEW

It is unfair subsidies that keep Airbus flying

By John McDonnell

Airbus Industrie's increasingly successful assault on US predominance in commercial aircraft markets is fuelled by massive subsidies from three European governments. There is no more blatant example in the world today of a tax-supported entity engaged in unfair and predatory trade.

Over the past two years, Airbus has captured 29 per cent of world orders for civil airliners, up from 13 per cent in the early 1980s. Airbus's market penetration was demonstrated earlier this month when it won a $3.3bn order from Singapore Airlines for seven A340 long-range jets, seven others subject to reconfirmation, and six options. At the same time, SIA cancelled its reserve for 20 McDonnell Douglas MD-11 jets.

Airbus has been able to "buy" market share by pricing its products far below the real cost. And it has hurt McDonnell Douglas and Boeing in other ways as well.

It has undercut our prices and profits – and with that the consortium has undercut our ability to shoulder the risk of new programmes.

Ours is a capital intensive industry. It is characterised by huge upfront investments in new products, which are fully recovered, if at all, only after many years of sales.

Take the McDonnell Douglas MD-11, for example. Launched in 1986, the new trijet did not begin to generate revenues (and income) until the fourth quarter of 1990, when the first three aircraft were delivered to customers. During that period, expenditures on development, testing, tooling and inventory totalled about $2bn, net of advances. Not one dime of that money came to us through any form of government assistance. It will take several years of profitable deliveries for us to recoup about $750m in non-recurring development costs.

The point here is that when McDonnell Douglas or Boeing launches a new aircraft, we bet our shareholders' money on our belief that it will be a commercial and technological success.

It is a different story for Airbus. The consortium now has a line of commercial aircraft products (the A-300, A-310, A-320, A-330 and A-340) which is considerably broader than McDonnell Douglas's (MD-80/90 and the MD-11) and roughly equivalent to Boeing's (737, 757, 767, 777 and 747). Neither Airbus nor any of the member companies of the Airbus consortium (Aerospatiale of France, Deutsche Airbus of Germany, British Aerospace, and Casa of Spain) has ever supplied more than a small fraction of the costs involved in launching those products.

The bulk of the money has been supplied by the governments of France, Germany and the UK. It is repayable, if ever, in the form of royalties on deliveries projected far into the future – deliveries which may never occur.

According to a recent study by the Pennsylvania-based think-tank Gellman Research Associates, undertaken on behalf of the US Commerce Department, the governments of France, Germany and Great Britain have underwritten between 60 per cent and 92 per cent of the costs involved in developing each of Airbus's line of five aircraft types. They have also supplied Airbus or its member companies with production subsidies and injection of equity and loans.

The Gellman report found that by the end of 1989 Airbus had repaid only $462m out of $8.2bn in launch aid and other direct support received since 1971. In addition, the European governments have committed another $5.3m in subsidies to Airbus over the next few years. That totals $13.5bn in subsidies, equal to the entire capital of McDonnell Douglas and Boeing combined.

Airbus executives publicly boast they are "beating [Boeing and McDonnell Douglas] at their own game". But these expressions of confidence are belied by Airbus's continuing dependence on subsidies. Will Airbus agree to financing further extensions to its product line through internally generated funds and money raised at commercial rates from the banks or the capital markets? No.

The US administration's position in trade negotiations with the European governments is that they should fund no more than 45 per cent of Airbus's development costs for two years, falling thereafter to 25 per cent. Even that, thus far, has proved too much of a concession for Airbus and its government sponsors to accept. They want a minimum of 45 per cent indefinitely.

Airbus, which has a backlog of orders totalling $45bn, is unable to offer any real explanation as to why it requires further subsidies. Instead, it responds with spurious arguments and erroneous claims concerning alleged "indirect support" to McDonnell Douglas and Boeing from our respective military and space businesses.

First, our government-related business is strictly stand-alone. We simply cannot assign aircraft losses to a government programme.

Second, neither Boeing nor McDonnell Douglas is getting rich on defence work. In fact, profit margins for the US defence industry have lagged behind the average for US manufacturing.

Finally, the partners which make up the Airbus consortium are also government contractors in their own right. They are the champions of their home defence markets.

With defence markets worldwide in decline, it is important that US companies are able to compete on a level playing field in the growing commercial aircraft market. If there was ever any justification for subsidies to support Airbus Industrie, that day is long past. The General Agreement on Tariffs and Trade relating to civil aircraft states that pricing of civil aircraft should be based on "reasonable expectation of recoupment of all costs".

The rules of the game are set out in this and other international trade agreements. It is time they were enforced.

The author is chairman and chief executive officer of McDonnell Douglas.

A longer version of this article appeared in Aviation Week and Space Technology on August 5.

FINANCIAL TIMES
Wednesday August 7 1991

Retaliation over troop deaths may signal change in policy

Turkey attacks Kurds in Iraq

By **John Murray Brown** in Ankara

TURKEY has stepped up its campaign to crush Kurdish militants with reports yesterday that army units have attacked guerrillas of the Kurdish Workers Party (PKK) inside northern Iraq.

The immediate cause for the cross-border raid was the killing last week of nine soldiers in a PKK attack on an army post at Sedinli.

However, the incursion into Iraq, which reportedly involved aircraft as well as ground troops, suggests that both the government in Ankara and the PKK are using the uncertain security situation in northern Iraq to settle old scores, after the withdrawal of allied forces last month and the fragile ceasefire between Baghdad and Iraqi Kurdish guerrillas.

The Turkish raid against PKK camps, confirmed by an official source yesterday, follows earlier warnings from President Turgut Ozal that Turkey would show no mercy in hunting down the PKK, which is seeking an independent Kurdistan in south-east Turkey.

As elections approach, the government is keen to avoid the opposition's charge that it has gone soft on the PKK, an issue on which all three main parties take a strongly nationalist stance.

Against considerable domestic opposition, President Ozal earlier moved to ease the Kurdish language ban and offered the terrorists a political amnesty as part of wider penal reforms, which have since been thrown out by Ankara's constitutional court.

The latest escalation comes amid growing unrest in south-eastern Turkey, where the PKK's sporadic guerrilla campaign has claimed more than 2,000 victims since 1984.

Tensions have been mounting since the murder of a local Kurdish activist and Labour member of parliament in July. The incident, in which Mr Vedat Aydin was apprehended by men dressed as security officials before his tortured body was dumped by the roadside near his home, is now the subject of an official government inquiry. At least three people died when police fired on demonstrators gathered for his funeral in Diyarbakir.

In another incident, 10 German tourists were kidnapped last week, a previously untried PKK tactic.

The army's latest action is Turkey's first venture inside Iraqi territory since the hot pursuit agreement with Baghdad in 1988.

Before the Gulf war, the PKK used its bases inside Syria to launch raids against Turkish targets. The PKK has since moved to Iraqi border areas now under the control of Iraqi Kurdish guerrillas.

Allied officials patrolling inside northern Iraq during the recent Kurdish relief operation, confirmed the presence of a number of PKK camps, each comprising about 300 well-armed guerrillas.

The latest attack on PKK positions contrasts with an improvement in Ankara's relations with Iraqi Kurds, after support for allied action to return home some 450,000 Kurdish refugees who fled to Turkey's borders after President Saddam Hussein crushed the short-lived Kurdish uprising in March.

Ankara last month said its forces would not participate in any cross-border moves as part of Operation Poised Hammer, the allied deterrent force in south-east Turkey to deter future Iraqi aggression.

Yassir Arafat yesterday rejected Israeli conditions over Palestinian representation at the planned peace conference

Baker may return to Middle East

By **Peter Riddell** in Washington and **Victor Mallet** in Jerusalem

MR JAMES BAKER, the US secretary of state, is considering a further visit to the Middle East next month to keep up momentum for the Arab-Israeli peace conference planned for October.

No firm plans have been made. But a senior US official said Mr Baker would give such a trip the "fullest consideration" if it would help resolve outstanding problems, in particular the controversy over Palestinian representation.

Israel has said it will attend a peace conference, but has refused to negotiate with recognised members of the Palestine Liberation Organisation or with Palestinians from east Jerusalem.

However, both Syria and the PLO yesterday rejected Israeli demands. Mr Yassir Arafat, the PLO leader, said: "We have said 'yes' to a peace conference and we do not pose conditions . . . but we are not bending to Israeli conditions."

Mr Farouq al-Sharaa, the Syrian foreign minister, at the Organisation of the Islamic Conference meeting in Istanbul, said: "The conditions set by Israel in the face of the peace process are rejected in form and content."

Israel, meanwhile, continued to defy Mr Baker by establishing new Jewish settlements in the occupied West Bank, an area known to many Israelis by the biblical names of Judaea and Samaria. The US has consistently regarded the building of new settlements as an obstacle to peace.

Mr Baker yesterday reported to President George Bush on his latest mission, his sixth since the Gulf war ended. A senior official attached to Mr Baker's party said planning for the conference was going ahead "one step at a time".

"Nobody ever said this was going to be easy. We fully expect that the parties will, if indeed they ever get to the table, come with maximum positions, and who is to say that is an inappropriate negotiating tactic?" The official argued that merely persuading the parties to talk to each other was "a heck of a lot further than we have ever gotten in the past".

Officials said that Mr Baker intended to use the annual meeting of the United Nations General Assembly in late September to prepare for the US-Soviet sponsored conference.

The two new Israeli settlement decisions came to light yesterday. The first is at Eshkolot, between Hebron and Beersheba, and the second follows the Defence Ministry's decision to allow 160 Jewish religious students to take up "temporary" residence at Hebron's former bus station.

"If Israel wants to continue with the settlement process, then Israel is not interested in the peace process," said Mr Elias Freij, the mayor of Bethlehem, who met Mr Baker in Washington yesterday.

Mr David Levy, the foreign minister, said unrepentantly: "The right to settle every part of Israel is unequivocally clear even if there are disagreements over this matter."

Settlers defy US, Page 4

Germans pull out of Eurofighter warfare package

By **Paul Abrahams** in London and **David Goodhart** in Bonn

GERMANY has withdrawn from the development of an electronic warfare system for the European Fighter Aircraft, a flagship four-nation government project.

The move casts further doubt on German participation in the $40bn European Fighter Aircraft (EFA) programme being undertaken with Britain, Spain and Italy.

Germany's role in the project has come under increasing pressure following cuts in defence spending after unification.

The German Defence Ministry has told the Eurofighter consortium that it will test other systems instead. Industry observers point out that the decision means Germany will avoid development costs on the system and so stave off immediate political difficulties about defence spending.

The eventual cost of the electronic warfare package could be as high as $1.7bn. Germany would be required to pay an additional amount if it selected the original system for any EFAs it might eventually buy.

Mr Paul Breuer, a senior German government defence official, said yesterday that the aircraft did not fit in with the new political and economic realities. A German parliamentary committee is due to meet next month to review the possible options to EFA, including an air defence version of the Tornado, the jet built in the UK, Germany, Italy and Spain.

Germany has been participating with its partners in EFA's development stage, the cost of which is estimated at about $12bn. A decision to move to the decisive, and more costly, production-investment stage will not be made until the end of next year.

Most military experts believe that EFA is the only jet that can reliably knock out a MiG 29. But economic realities in Germany, plus the fact that the airforce has inherited 24 MiG 29s from the East German airforce, make it increasingly unlikely that the Germans will move to the next stage.

The ministry's move puts into question the role of Telefunken Systemtechnik, a Deutsche Aerospace subsidiary, within Eurodass, the EFA electronic warfare consortium. The other members of Eurodass include Marconi Defence Systems of the UK, Elettronica of Italy, and the Spanish groups Inisel and Ensa.

Last year, the British and German governments were deadlocked over the choice of consortium to build EFA's radar. The contract, worth up to $510m, was won after a two-year battle by Ferranti Defence Systems, recently acquired by GEC of the UK, in the face of stiff competition from AEG, the German group.

Airbus subsidies, Page 9

THE LEX COLUMN

Buying Scotch in bulk

The immediate question raised by American Brands' £286m bid for Invergordon is whether this is the start of an international auction. The world spirits industry is going through a chaotic phase of amalgamation and Scotch is perhaps the most international spirit of them all. Just 18 months after entering the Scotch market with the purchase of Whyte & Mackay, American Brands is bidding to become the third biggest producer after Guinness and Allied Lyons. Other producers who were happy to see Invergordon as an independent supplier to the industry might baulk at seeing it fall to a competitor. As in the battle over Rowntree, Invergordon could become doubly valuable: in its own right, and for the sake of denying it to a rival.

Granted, American Brands' opening offer is fairly steep at 16 times current year earnings. Nor would Invergordon be particularly attractive to a drinks company not already in Scotch, since it has no brands to speak of. But any Scotch producer barring Guinness might perhaps be allowed to bid, including the likes of Seagram and Grand Metropolitan. Failing that, it is possible to envisage friendly counter-offers from other interested parties such as Suntory or Pernod-Ricard.

Then again, much of this is already in the price, which closed yesterday 13 per cent above the offer. Should the auction fail to materialise, this could be hard to improve upon. Invergordon's management and employees speak for only 13 per cent of the equity. Nor is it safe to count on the limitless resources of American Brands, which for a tobacco company is not hugely cash-generative and whose previous acquisitions have left it heavily borrowed. Even at the present level, it is hard to imagine the bid failing. The logic of the international drinks industry makes Invergordon's independence scarcely tenable. All the institutions have to do is work out whether it is worth more surrendering it now or in a year or two's time.

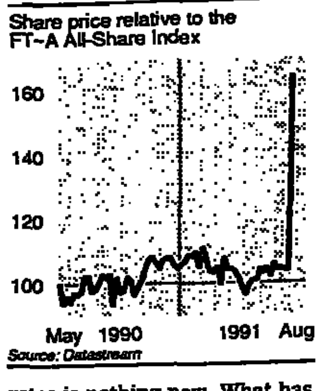
Markets

However seriously one takes the apparent slight easing by the US Federal Reserve yesterday, the fall in the dollar is evidently more than a product of August boredom in the markets. The reason is the familiar divergence between German and US interest rates. The expectation of higher German

FT-SE Index: 2,573.3 (−12.1)

Invergordon

Share price relative to the FT-A All-Share Index



Source: Datastream

rates is nothing new. What has wrong-footed the market in the last few days is the apparent weakness of the US economy, which has raised the question of whether US rates might actually have further to fall.

It is not hard to see this reversing itself. All that is needed is either a batch of stronger economic data from the US, or the decision by the Bundesbank that the strength of the D-Mark is tightening policy enough without a rate rise on top. Failing that, the UK's position is somewhat awkward. Not only might the equity market have to modify its sums on the boost to corporate earnings from dollar strength. It might also become cause for concern that the D-Mark has been creeping up the ERM ladder lately while sterling has been slipping down it. Since the start of the year, sterling has enjoyed a benign combination of strength against the D-Mark and weakness against the dollar. It would be bad luck if it were faced with the reverse.

NatWest Bank

Lord Alexander, National Westminster's chairman, no doubt chose his words carefully yesterday after the damage his comments on County inflicted earlier this year. He could have done better. His somewhat pompous though scripted remark that NatWest is part of the fabric of society might be interpreted by more hard-nosed investors as an open encouragement to sell the shares.

The big question, after all, remains whether NatWest is capable of turning itself into a lean, money making machine with shareholders' interests next to its heart, or whether it is an oversized institution floundering to find a successful strategy. While there were some encouraging pointers from yesterday's predictably dismal interim results – the surge in commission income and the action taken on costs – there are still plenty of causes for concern. Costs, for example, are not yet being tackled as aggressively as at Lloyds and Midland. The break-even result in investment banking should be seen in the context of the bull market of the last few months. And the improvement reported at Bancorp would have been less exciting without the new capital recently injected into the American business.

The main reason for yesterday's 6p jump in the shares was the board's emphatic statement that it is not contemplating a rights issue. Even that, however, cannot necessarily be taken at face value. Admittedly there are no immediate pressures, notwithstanding a tier one capital ratio below the UK competition. But with little in the way of profit retentions likely in the next couple of years, NatWest may not be in a strong position to meet the demand for credit when the upturn finally comes.

Time Warner

The question about the Time Warner rights issue – the first in the US to be underwritten for almost 20 years – is whether its success will spur other large corporations to follow suit. No doubt there are plenty of undercapitalised banks and motor manufacturers who would dearly love to guarantee themselves US$2.76bn and a take-up of more than 98 per cent. The main drawback is that their stories are less appealing.

The other problem is whether the US investment banks are prepared to change the habits of a lifetime. Big open-priced equity issues are deeply ingrained, as is a culture based on selling rather than assuming the risks. A key feature of the Time Warner deal was the way Salomon tendered for 40 per cent of the rights and found new buyers. This turned the issue into a sort of transatlantic hybrid, which could conceivably have lessons for the London market.

It is unlikely, though, that UK companies will copy the original Time Warner structure, which was complex and confusing and did not have a floor price. The value of underwriters is being demonstrated in the UK's depressed markets, where those backing such as Burton and Mountleigh are holding their breath.

Bank of England in US tussle over BCCI

Continued from Page 1

to decide how helpful we can be to Congress without compromising the confidentiality of supervisory exchanges."

A spokesman for the committee, which is chaired by Mr Henry Gonzalez, an ardent critic of the Fed's secrecy, claimed yesterday that the British government was trying to stop its investigation from getting the documents. He added "the Bank of England is not going to stop our investigation".

He said the Federal Reserve had informed the committee it had doubts about complying with the subpoena for the British BCCI documents.

The Federal Reserve declined to comment on the tussle between the House Banking Committee and the Bank of England.

"There is nothing I can tell you. We have the subpoena. We have until five o'clock on Wednesday to respond," the Fed official said.

US Federal Reserve eases monetary policy further

By **Michael Prowse** in Washington and **Patrick Harverson** in New York

THE US Federal Reserve moved to revive the flagging US economic recovery yesterday by signalling the first easing of monetary policy since April.

Just before noon in Washington, the Fed – the US central bank – intervened in credit markets to signal a quarter point reduction to 5½ per cent in the key Federal funds rate, the rate at which banks borrow from each other.

The timing took financial markets by surprise. Many analysts had assumed the Fed would not move until after the next meeting of the policy-making Federal Open Market Committee on August 20.

The Fed's quick response to new signs of economic weakness suggests it is anxious to avoid the "double dip recession" now feared by many analysts. The move also reflects concern at a recent sharp slowdown in the rate of monetary growth and in confidence that inflationary pressures are abating.

On Wall Street, the benchmark long bond jumped nearly half a point to 99¼, pushing the yield down to 8.185 per cent. The Dow Jones Industrial Average, which had been lower all morning, rapidly reversed and by early afternoon had once again breached 3,000 to show a 15-point rise. The dollar, already weakened by recent selling, fell another half pfennig to DM1.7095.

Yesterday's cut was the latest in a series of easing moves which began late last summer when the Fed funds rate stood at just over 8 per cent.

The most recent cut was on April 30 when the recession still seemed in full swing. The discount rate – the rate at which the Fed lends reserves to banks – was cut by half a point to 5½ per cent, the federal funds rate by a quarter point to 5¾ per cent.

The decision to cut rates again reflects growing concern that the weak recovery which began in the second quarter is losing momentum.

On Friday, the Labour Department reported employment figures which were much weaker than expected. Non-farm jobs dropped 51,000 to register their second consecutive monthly decline. This followed a series of disappointing economic reports.

The cut in interest rates was also a response to disturbing monetary trends. M2, the most closely-watched measure of broad money, has fallen slightly since May and now languishes at the bottom of its 2.5-6.5 per cent target range.

Mr Michael Boskin, the chief White House economist, and other administration officials have repeatedly urged the Fed to take action to bring M2 back to the centre of its target range. The latest interest rate cut brings the federal funds rate into line with the discount rate, which also stands at 5¼ per cent. A more substantial cut in market interest rates will thus require a further cut in the discount rate.

Lex, Page 10
Markets, Page 32
Currencies, Page 28

Pension ruling may cost UK over £40bn

By **Norma Cohen** in London

BRITISH companies may have to spend more than £40bn ($67bn) to comply with a European Court of Justice ruling on retirement ages, according to a survey conducted by the CBI, the UK employers' organisation.

The ruling requires employers to equalise retirement ages retrospectively for men and women.

In the case involving Guardian Royal Exchange, an insurance group, the court decided that occupational pensions are effectively pay and that employers may not offer different retirement ages to men and women. The key unresolved issue is the date from which equalisation should apply.

Preliminary results show that four out of 10 UK companies surveyed could face costs of 10-20 per cent of their existing pension schemes, almost certainly requiring cuts in capital spending.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Berlin	F	30	86	Caracas	C	29	84	Faro	S	29	84	Islamabad	[illegible]	34	93
Algiers	S	35	95	Biarritz	Dr	22	72	Casablanca	S	26	79	Florence	S	33	91	Istanbul	C	23	[illegible]
Amsterdam	S	26	79	Bombay	F	29	84	Chicago	C	21	70	Frankfurt	S	30	86	Jakarta	F	34	93
Athens	F	32	90	Bordeaux	S	31	88	Cologne	S	31	88	Geneva	S	28	82	Jersey	C	21	70
Bahrain	S	32	90	Boulogne	F	23	73	Copenhagen	C	20	68	Gibraltar	S	27	81	Johannesburg	S	[illegible]	[illegible]
Bangkok	F	31	88	Brussels	S	30	86	Corfu	S	29	84	Glasgow	C	15	59	Lima	C	18	64
Barcelona	S	28	82	Budapest	S	27	81	Dallas	S	24	75	Helsinki	S	25	77	Lisbon	S	27	81
Beirut	S	29	84	Buenos Aires	F	16	61	Dublin	Dr	14	57	Hong Kong	S	30	86	London	F	23	73
Belfast	C	15	59	Cairo	S	33	91	Dubrovnik	F	30	86	Innsbruck	S	26	79	Los Angeles	C	12	54
Belgrade	C	26	79	Cape Town	S	15	59	Edinburgh	R	14	57	Inverness	F	17	63	Luxembourg	S	29	84

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	25	77	Milan	S	29	84	Nicosia	S	29	84	Salzburg	S	27	81	Tenerife	S	28	82
Madrid	S	37	99	Montreal	C	16	61	Oporto	S	20	68	San Francisco	Dr	14	57	Tokyo	C	21	70
Majorca	S	30	86	Moscow	S	23	73	Oslo	C	17	63	Seoul	C	28	82	Toronto	S	15	59
Malaga	S	29	84	Munich	S	26	79	Paris	S	32	90	Singapore	-	-	-	Tunis	S	29	84
Malta	S	31	88	Nairobi	F	21	70	Peking	S	33	91	Stockholm	R	21	70	Valencia	S	32	90
Manchester	F	20	68	Naples	S	31	88	Prague	S	27	81	Strasbourg	S	29	84	Venice	S	29	84
Manila	C	[illegible]	86	Nassau	C	33	91	Reykjavik	R	12	54	Sydney	S	17	63	Vienna	S	26	79
Melbourne	C	13	55	New Delhi	F	30	86	Rhodes	S	30	86	Taipei	F	34	93	Warsaw	C	27	81
Mexico City	C	-	-	New York	S	[illegible]	86	Rio de Janeiro	F	30	86	Tangier	S	25	77	Washington	S	22	72
Miami	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]	Rome	[illegible]	[illegible]	[illegible]	Tel Aviv	[illegible]	[illegible]	[illegible]	Zurich	S	28	82

Temperatures at midday yesterday. C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday August 7 1991

INSIDE

Time Warner rights issue raises $2.7bn

Time Warner, the US publishing and entertainment group, has successfully raised $2.7bn through its revised rights offering which will be used to reduce the company's $11bn of debt. Page 12

Canadian Pacific warning

Canadian Pacific, the diversified Canadian group, has warned of a "disappointing performance in the near term". Second-quarter net profit was C$30.9m (US$26.8m), down more than two thirds from C$101.6m a year earlier. Page 12

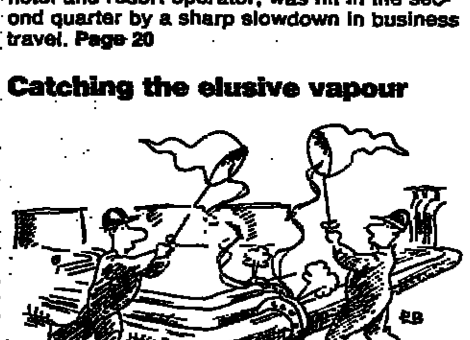
British Alcan hit by charges

British Alcan, the wholly-owned subsidiary of Alcan Aluminium of Canada, suffered a pre-tax loss of £3.2m ($5.4m) compared with a £8.4m profit in the first half of 1990. The setback was due mainly to heavy redundancy and restructuring costs. Page 17

Four Seasons hit by downturn

Four Seasons Hotels, the Toronto-based luxury hotel and resort operator, was hit in the second quarter by a sharp slowdown in business travel. Page 20

Catching the elusive vapour



From oil refinery to exhaust pipe, western Europe accounts for 4m tonnes of hydrocarbon vapour losses each year — 40 per cent of the world's total. Oil companies and car manufacturers are making a concerted effort in reducing these leaks. The solution, it appears, will come from a mixture of legislation and a redesign of existing storage facilities. Page 19

Kirin regains lost ground

Kirin Brewery, the largest Japanese beer producer, yesterday reported a 6.2 per cent increase in first-half pre-tax profit to Y36.9bn ($267m) as the company regained market share lost during the Japanese "beer war" of the past four years. Page 15

Oliver enfranchises shares

Oliver Group, the UK footwear retailer, plans to enfranchise its non-voting shares, effectively ending the control of the Oliver family and the board. Mr Ian Oliver, chairman, said the current structure was "something out of the past". Page 18

King coal runs out of control

As many as 65 fires are raging in the mines of the Jharia coal belt in Bihar, northern India. Exceptional in size and ferocity, the fires may now be putting the entire coalfield at risk. Kunal Bose reports. Page 20

Rustenburg scorns catalyst rival

Rustenburg Platinum yesterday poured scorn on recent claims about the development of a manganese-based catalytic converter that would challenge the dominance of platinum and its sister metals palladium and rhodium in the lucrative car exhaust catalyst sector. Page 14; Profits rise, Page 20

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Col Konzern Pl	602	+	12
Industriekredit	248	+	11
Rheinmetall Pl	272.3	+	7.3
Zanders Feinp	285	+	10
Falls			
Aachen Mch	882	−	18
Springer Axel	580	−	13

PARIS (FFr)

Rises			
Essilor Int	321	+	9
Prom C et Aux	2228	+	42
Gaumont (Soc)	785	+	15
Redoute	4245	+	103
Falls			
Gen Occidentale	758	−	17
Saint Gobain	440	−	13.1

TOKYO (Yen)

Falls			
Akasaka	1080	−	80
Fujikura Kasei	501	−	39
Kodama Chemcl	515	−	35
Nippon Tetrapod	1310	−	90
Shimura Kako	603	−	57
Tokyo Rika Mfg	730	−	50

New York prices as at 12:30.

LONDON (Pence)

Rises			
Albrighton	31	+	8
Highland Dist	298	+	27
Invergordon	255	+	92
Kwik-Fit	139	+	7
NatWest Bank	335	+	6
Oliver Gp A	110	+	11
Schroders	883	+	23
Sun Life	1143	+	28
TSB	155	+	5½
Falls			
Brit Aerospace	564	−	11
Cambridge Elect	166	−	8
Drayton Eng	63	−	10
Fairbriar	6	−	2½
Herring Son	144	−	13
Inchcape	371	−	8
Monarch Res	140	−	13
Sumit	78	−	6
TVS Ent	35	−	5
Union Discount	303	−	14

Corning in Mexican deal for glass sales

By Martin Dickson in New York

CORNING, the US speciality glass group, and Vitro, Mexico's largest glass manufacturer, plan to combine their consumer housewares operations in a jointly-owned business with annual sales of more than $800m.

The two companies said the proposed deal, announced yesterday, would help them compete better in global markets. The plan involves Corning transferring its consumer businesses – which include Pyrex bakeware and Corning Ware cookware – into a new US subsidiary, Corning Vitro.

Corning will own 51 per cent of the company and continue to manage it, while Vitro will own 49 per cent. A mirror-image company, Vitro Corning, will be set up in Mexico.

The deal comes when the US is debating a free trade agreement with Mexico. Corning said the joint venture was not a response to that, although a trade agreement should help the venture in future.

Vitro, which makes consumer products such as Crisa brand glassware and stemware, will transfer these assets to Vitro Corning in Mexico, in which it will have a 51 per cent stake and Corning 49 per cent.

Corning's subsidiary is larger than Vitro's so the Mexican company will make a cash payment of $130m to Corning.

The companies said the deal was attractive because the consumer businesses had complementary product lines and distribution systems: the US company will be able to add Vitro's products to its range with no additional overheads, while Corning will gain access to the large Mexican market.

The companies will also benefit from combining their technical knowledge and will be better placed to tackle new international markets.

Mr James Houghton, chairman of Corning, said yesterday that the distribution for Corning's consumer business outside North America, particularly in Europe, was not as good as it should be and that Vitro's products would strengthen its line.

Corning's consumer business is one of the oldest parts of the group, but its performance has lagged behind other parts of the company as Corning has expanded into speciality materials, fibre optics and laboratory services. These now account for 75 per cent of Corning's $3bn annual sales.

Vitro, the second-largest public company in Mexico, is also involved in the manufacturer of flat glass, household appliances, fibreglass products and mining. Joint ventures have long been hallmarks of both companies.

Corning includes Dow Corning, a maker of silicones, while Vitro's partners include Ford Motor and Whirlpool, the white goods manufacturer.

NatWest acts to deal with bad-debt exposure

By David Lascelles, Banking Editor, in London

NATIONAL Westminster Bank, the UK's second largest clearing bank, yesterday took the novel step of appointing a senior executive whose main job will be to minimise the group's bad debts.

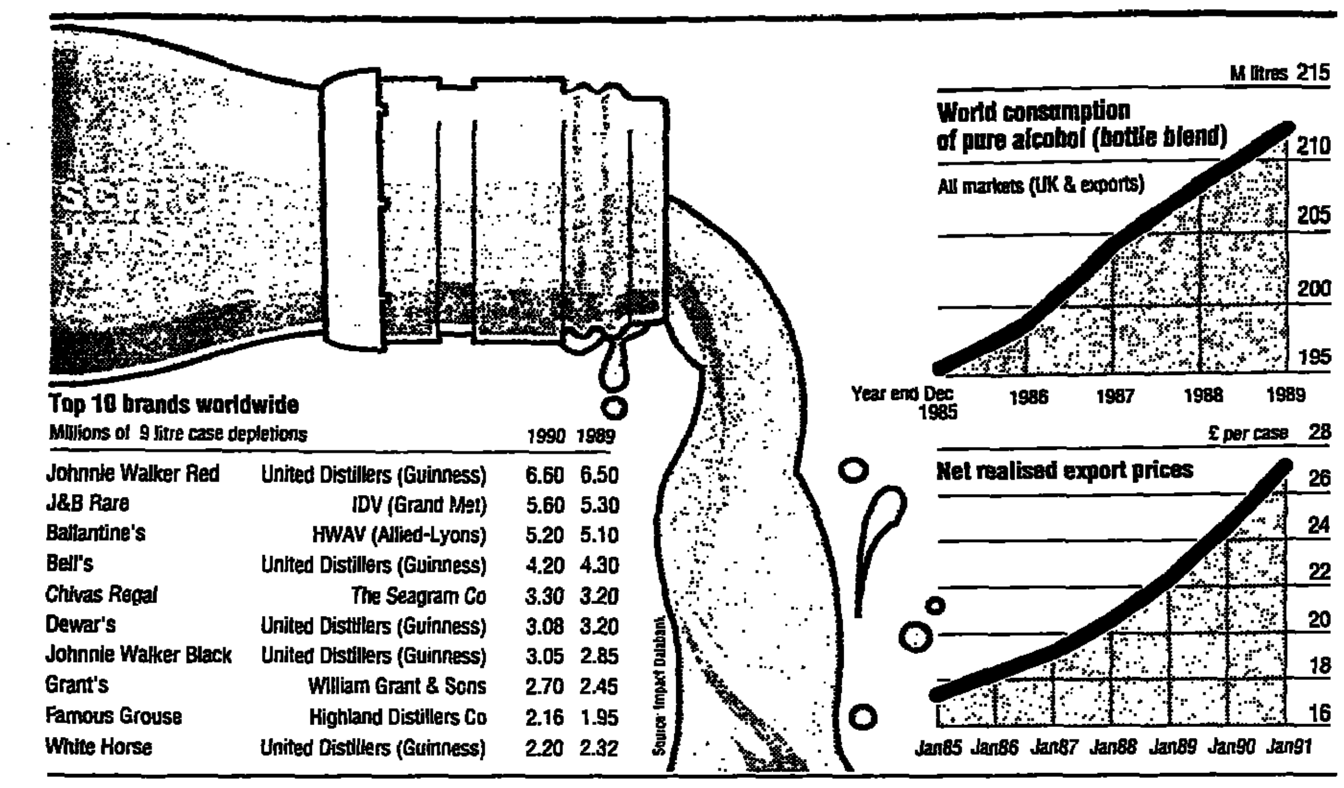
The appointment of Mr John Melbourn, one of NatWest's most experienced lenders and a main-board director, came as the bank reported heavy bad-debt provisions of £902m ($1,542m) for the first half of this year.

This was the largest charge by the UK's Big Four clearing banks at the half year. It cut NatWest's interim profits more than 75 per cent to £101m. The dividend will be held at 6.125p.

Mr Tom Frost, NatWest's chief executive, said: "We are not happy with the weight of provisions made this half year, and while this primarily reflects the economic downturn, it reminds us of the continual need to reappraise and strengthen our control systems."

Mr Melbourn previously headed the bank's corporate and institutional division. His title is now chief executive group credit risk, with responsibility to review and improve the way NatWest handles its credit exposures. Most of NatWest's credit losses came from the small-business sector, where it has the largest market share with some 30 per cent.

Lex, Page 10; Observer, Page 8; Details, Page 14



Top 10 brands worldwide
Millions of 9 litre case depletions

		1990	1989
Johnnie Walker Red	United Distillers (Guinness)	6.60	6.50
J&B Rare	IDV (Grand Met)	5.60	5.30
Ballantine's	HWAV (Allied-Lyons)	5.20	5.10
Bell's	United Distillers (Guinness)	4.20	4.30
Chivas Regal	The Seagram Co	3.30	3.20
Dewar's	United Distillers (Guinness)	3.08	3.20
Johnnie Walker Black	United Distillers (Guinness)	3.05	2.85
Grant's	William Grant & Sons	2.70	2.45
Famous Grouse	Highland Distillers Co	2.16	1.95
White Horse	United Distillers (Guinness)	2.20	2.32

Big groups swallowing wee drams

Philip Rawstorne on international ownership of Scotch whisky

A SUCCESSFUL outcome for yesterday's £286m ($489m) bid from Whyte & Mackay for Invergordon, one of only four quoted independent Scotch whisky distillers, would mark another important step in the consolidation of the whisky industry under international ownership.

The merged operations would create the third largest group in the industry with a 9 per cent to 10 per cent share of the world market. It would be backed by the massive resources of American Brands, the US tobacco and drinks group, whose UK subsidiary, Gallaher, bought Whyte & Mackay from Brent Walker last year for £160m.

Guinness's controversial takeover of Distillers in 1986 was the biggest single cross-border incursion into Scotland's premier industry. Today the UK brewer's United Distillers – whose brands include Johnnie Walker, Dewar's and Old Parr – owns more than 30 malt distilleries and controls nearly 40 per cent of the world market.

But throughout the 1980s, Scotch has been falling, distillery by distillery, into the hands of international companies.

Allied-Lyons, the UK drinks and food group, is now the second-largest Scotch company. It added Whitbread's Long John and Laphroaig brands to Ballantine's and Teacher's at the end of 1989, and now has nearly 16 per cent of the market.

IDV, Grand Metropolitan's drinks division, controls more than 8 per cent, mainly through J & B Scotch.

Ownership has spread far beyond the rest of the UK. Seagram, the Canadian drinks group, has a 9 per cent stake in the industry, through Chivas Regal, its leading de luxe brand.

Pernod Ricard of France owns House of Campbell, which has a 1.57 per cent market share; Nikka, and the Takara and Nokura consortium, of Japan, have interests in the Ben Nevis and Tomatin distilleries respectively; and Suntory of Japan has 25 per cent of Macallan-Glenlivet together with a stake in at least one privately-owned distiller.

If the Whyte & Mackay bid goes through, the top five companies will control more than 80 per cent of Scotland's traditional industry – an industry which last year earned £1.7bn in exports.

This process has caused a great deal of anguish in the Scottish establishment, which reached its peak during the Guinness takeover of Distillers.

It remains to be seen whether American Brands' attempt to take a larger piece of the industry arouses the hostility of the Scottish establishment. It was noticeable yesterday that Whyte & Mackay presented its bid as a deal between two Scottish companies that would provide benefits for the Scottish economy.

Attitudes in Scotland to foreign ownership have mellowed in the past three or four years. Mr John Spicer, analyst at SG Warburg, says: "International ownership has brought with it many advantages. It has given the industry more stability, improved its image, prestige, pricing and profits."

Exports of Scotch whisky have risen by only 5 per cent in volume from 226m litres in 1985 to 238m litres in 1990. Over the same period, the value of those exports has soared by 72 per cent from £994m to £1.7bn.

Guinness, the industry leader, has set an example that has been followed by the other distillers and increased prosperity all round.

When it took over Distillers, Guinness found an industry with a huge surplus of stocks. Much of these stocks were being dumped on the market, depressing prices. The own-label business was growing. Scotch was facing increased competition from white spirits such as vodka and gin and its prestige consumer image was fading.

Guinness began by controlling the disposal of excess stocks, and removed the downward pressure from prices. It then began a sustained marketing drive, quickly followed by the other international companies – GrandMet, Allied-Lyons, and Seagram – to push Scotch up-market where it could again command premium prices.

The number of Scotch brands was drastically reduced, and resources concentrated into the development of international brands such as Johnnie Walker, J & B, Chivas and Ballantine's, as well as best-selling brands for the national market such as Bell's and Teacher's.

Hundreds of millions of pounds was poured into new advertising and packaging, and the Scotch was marketed in brand portfolios alongside premium gins, vodkas, and cognacs.

Distribution was rationalised and much of it brought within the direct control of the drinks groups to ensure co-ordinated brand management. United Distillers, the Guinness spirits division, now controls 80 per cent of its distribution compared with 25 per cent in 1987.

Smaller distillers have followed the same pattern. Highland Distilleries secured wider international distribution for its Famous Grouse brand last year through a £76m deal with Rémy Martin, the French cognac and champagne group. Whyte & Mackay itself, strengthened its portfolio by adding Vladivar vodka to its whisky brands.

The process has transformed the fortunes of the whisky industry. It has also probably ensured that the industry will survive its present problems – export volumes down 11 per cent in the first half of 1990 – in better shape than could have been expected from the fragmented industry of a decade ago.

Lex, Page 10

Den norske Bank first-half losses climb to NKr921m

By Karen Fossli in Oslo

DEN NORSKE BANK, Norway's biggest bank, yesterday announced that net losses nearly trebled to NKr921m ($136.7m) in the first half of the year, compared with NKr384m in the previous corresponding period.

The bank's A shares closed at NKr70 on the Oslo bourse, up NKr4 – analysts had expected worse figures and were surprised by a NKr365m reduction to NKr2.45bn in the operating costs for the first half.

Mr Finn Hvistendahl, who replaces Mr Egil Gade Greve as president following his retirement yesterday, said DnB would seek a capital injection of NKr469m in preference capital from the guarantee fund of the commercial banks to help boost core capital. The capital injection is the second for the bank. The first, for NKr939m, was made earlier this year and boosted DnB's capital ratio to 5.5 per cent from 4.6 per cent.

In addition, in July a directed share issue of NKr228m to Scandinavian Banking Partners had further increased the bank's capital adequacy.

DnB's early presentation of its figures, originally scheduled for later this month, was suggested by analysts to be aimed at attracting investors to a capital expansion planned for later this year. This would tap the market ahead of Christiania Bank, its biggest rival which has yet to reveal its capital expansion plans.

DnB had earlier said it would seek to expand its capital by NKr2bn but Mr Hvistendahl said this figure could be reduced. High credit losses continue to plague the bank and at the half-year mark reached NKr2.219bn versus NKr1.811bn last year. Second-quarter credit losses decreased slightly, however, by NKr165m to NKr1.027bn.

"We have somewhat lower [credit] losses, so things might be improving," Mr Hvistendahl suggested. Another executive said there appeared to be a stabilisation in the decline in the value of collateral. Losses on property investments outside Norway had also seemed to be arrested, he said.

Although second quarter credit losses showed a slight downward trend, DnB warned that further developments remain uncertain. At the start of the year non-performing loans were estimated at NKr10bn but by the end of the second quarter this had been reduced by an estimated NKr900m.

Werner Rey accused of neglect

By Katharine Campbell in Frankfurt

MR WERNER REY, the Swiss financier who was chief of the collapsed Omni group of companies, neglected his duties under German company law in a number of respects, according to a special report issued by Arthur Andersen, the international accountants.

Until the collapse of Omni, Mr Rey functioned as the chairman of the supervisory board of Harpener, a diversified industrial and property-holding group which had also became the focus of the "merchant banking" activities of the Rey empire, according to Arthur Andersen.

The 98 page document focuses on the period between January 1 1990 and March 1991 which includes Harpener's purchase, from Omni, of a 49 per cent stake in Hudson Place/International Leisure Group, owners of the collapsed Air Europe operation. It says that Mr Rey and the then managing board members neglected their duty under German company law that prescribes exercising the "care of a thorough and conscientious director".

Harpener has announced that problems stemming from the Omni association – where it bought minority holdings from Omni of stakes in loss-making companies – more than wiped out last year's earnings and entailed extraordinary charges totalling DM249m ($144.8m).

The report charges the then managing board of taking part in the ILG transaction hastily and without taking due steps to determine the true value of ILG.

The purchase had gone ahead despite the fact that an internal Harpener project team had, in a letter to the board, advised strongly against the transaction. The board members apparently voiced no concern about the matter to the supervisory board.

The team had argued that an Omni-commissioned Coopers & Lybrand report – itself heavily qualified – was inadequate for the proper valuation of ILG.

Although the effects of the Gulf crisis should have alerted the directors to the likely predicament of ILG by December 1990 at the latest, Arthur Andersen points out that it took until February 1991 for the board to initiate attempts to recover a sum of DM131m.

Arthur Andersen adds that Mr Rey's conflict of interest should have dictated that he stood back completely. Instead, he is alleged to have played a very active role in the transaction that went well beyond his supervisory functions.

Bundesbank director calls for tighter SE regulations

By Katharine Campbell in Frankfurt

A SENIOR Bundesbank director yesterday called for tighter regulation of German stock exchange practices. Mr Karl Thomas, a Bundesbank director, also said that Frankfurt stock exchange trading scandal had already "thrown a shadow" across the reputation of the city as a leading financial centre.

Trading practices at Germany's banks have been placed in the spotlight following the Frankfurt Stock Exchange insider commission's investigation into improprieties at Deutsche Bank, Germany's largest bank.

"Changes in stock market supervision are urgently needed," according to Mr Thomas, president of the Frankfurt-based Landeszentralbank of Hesse, who recommended setting up an independent and neutral body of market regulators which would be close to day-to-day market operations.

The ultimate supervision is currently in the remit of the individual states, or Länder, where the eight regional stock exchanges are situated.

Complementary to this, Mr Thomas argues, could be a body that would be closer to the markets. He did not elaborate on an idea which he said was in the earliest stages of formulation.

The Bundesbank, unlike central banks elsewhere, notably in the UK, has always shied away from any responsibility for direct securities market supervision.

Mr Thomas said that position had not changed. He also noted that in the controversial debate raging over how fast the domestic securities markets should move towards computerisation, electronic trading systems allowed for considerably enhanced supervision.

Mr Thomas added that most banks were in the process of an overhaul of internal rules, including the extent to which traders should be allowed to operate for their own account.

Canadian Pacific warns on performance

By Robert Gibbens in Montreal

CANADIAN Pacific, the transport, resource, industrial products and property group, has warned that the company's performance "will be disappointing in the near term".

CP reported its first quarterly loss last May in nearly five years, and a month later cut its common share dividend by one third to conserve cash. Rating agencies hastened to downgrade its bonds.

For the second quarter, net profit was C$30.9m (US$26.80m), or 10 cents a share, down more than two thirds from C$101.6m, or 32 cents, a year earlier, on revenues of C$2.58bn against C$2.65bn.

First-half profit was C$25.6m, or 8 cents a share, against C$177.8m, or 56 cents a share, on revenues of C$5bn against C$5.2bn.

CP felt the recession directly in almost all its businesses except oil and gas in the first half. Forest products made heavy losses because of poor international markets and will not improve until next year.

The contribution from CP's 19.9 per cent holding in Laidlaw was only C$900,000, down nearly C$20m from a year earlier. This was due to the weak economy and a loss from Laidlaw's equity in ADT.

CP Rail's costs, propelled by higher prices for labour, fuel and materials, outpaced revenue gains. While grain traffic was strong, potash, coal, forest products traffic was down. Rail operating income overall dipped 23 per cent.

In shipping, container traffic gains were offset by weak westbound Atlantic freight rates and higher costs. Trucking improved in the second quarter.

PanCanadian Petroleum improved its results due to higher average oil prices, production gains and effective hedging. Coal's contribution was lower.

Telecommunications improved, while industrial products continued to be hit by the recession. Hotels and property were also lower.

Time Warner to cut debt by $2.76bn

By Karen Zagor in New York

TIME WARNER, the US publishing and entertainment group, has successfully raised $2.76bn through its revised rights offering which will be used to reduce the company's debt of $11bn.

The company stirred up a storm in June with its first proposal to raise up to $3.5bn through a non-underwritten rights offering which would have priced shares between $63 and $105, depending on the number of rights exercised. It scrapped the proposal after the fluid pricing structure came under attack from shareholders and the Securities and Exchange Commission.

Time Warner said that, based on a preliminary count, about 33.9m rights were exercised. This translates into 98.3 per cent of the 34.5m rights issued. Shareholders will receive three shares at $80 a share for every five shares held.

In addition, the company said holders of the rights sought to buy an additional 3.2m shares through exercising their oversubscription privilege which entitles them to buy all the remaining 586,000 unsubscribed shares.

The available underlying shares will be issued pro rata among those holders based on the number of basic rights they exercised.

The company said it now has about 92.4m shares outstanding. On Wall Street, Time Warner's stock was actively traded yesterday morning, adding $1¼ to $86⅞. The stock traded at about $120 before the offering.

Time Warner said no additional shares would be purchased by the underwriters since the offering was oversubscribed. The rights issue was fully underwritten by a team led by Salomon Brothers, Goldman, Sachs and Merrill Lynch.

Mr David Londoner, an analyst at Wertheim Schroder, described Time Warner as a leader in all of its leading business areas. The company's reduced debt levels should make the stock more attractive to institutions who will think of Time Warner as a core holding in the media/entertainment sector, he said.

The reduction in debt may also help Time Warner improve its position in negotiations with prospective partners. The company hopes to have some form of "strategic alliance" in place by the end of the year. It has been looking for partners to invest in its main businesses.

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Japanese group to face MMC inquiry

By Michael Skapinker in London

HAMAMATSU Photonics has become the first Japanese company to be referred to the Monopolies and Mergers Commission, over its proposed acquisition of Thorn EMI's light sensing business.

Mr Peter Lilley, trade and industry secretary, said yesterday that, on the advice of the director general of fair trading, he had asked the MMC to look at the effect the acquisition would have on the UK market for photomultiplier tubes.

The tubes detect and measure light and other emissions and are used in X-ray scanners and sorting machines. They could eventually be used at airports to detect Semtex, the explosive.

Mr Lilley has asked for the commission to report by November 8.

Thorn EMI, the music, rentals and light fittings group, is the only UK-owned maker of photomultiplier tubes. Its subsidiary, Thorn EMI Electron Tubes, had sales in 1989-90 of about £7m and employs 220 people in the UK and the US. About half its sales are outside the UK.

The division also makes silicon photodiodes, a newer technology with a similar function to the tubes. Hamamatsu's planned purchase of this part of the business is not thought to have any competition implications. The UK market for silicon photodiodes is dominated by small manufacturers.

Although the UK market for photomultiplier tubes is small, with annual sales of less than £10m, Hamamatsu's acquisition of the Thorn business would give it almost half the market. Hamamatsu is already world leader in the industry, with about two thirds of a market worth about £50m.

Thorn is the biggest supplier of tubes to the UK market. The other large players, which sell imported tubes in the UK, are, in order, Burle of the US, Philips of the Netherlands and Hamamatsu.

A takeover of Thorn by Hamamatsu would increase the Japanese company's world leadership and make it the dominant supplier in the UK.

Most buyers of the tubes in the UK are believed to have expressed concern about Hamamatsu's possible purchase of the Thorn business.

Liffe plans £2.5m cash call to boost options trading

By Tracy Corrigan in London

THE LONDON International Financial Futures Exchange (Liffe) is planning a £2.5m ($4.20m) rights issue, to increase the exchange's options trading capacity.

Holders of the existing 175 'B' shares will be invited to subscribe on a one-for-one basis at £15,000 per share.

The issue is designed to fill "unsatisfied demand for options trading", according to Mr Michael Jenkins, chief executive of Liffe. The monthly turnover in Liffe options has more than doubled in the last two years, to around 450,000.

But the funds "will obviously help" finance the new trading floor at Cannonbridge, London, where Liffe will be based after its merger with the London Traded Options Market (LTOM) at the end of the year, Mr Jenkins added.

Only members who hold 'B' shares can trade options, while 'A' and 'C' shareholders are entitled to trade futures contracts. The new shares will not entitle holders to trade LTOM options, when the exchanges merge. Mr Jenkins expects a prospectus for the issue of 'D' shares, allowing holders to trade equity options currently listed on LTOM, to be issued in early October.

C and W poised for radical shake-up

By Charles Leadbeater in London

CABLE AND WIRELESS, the UK-based telecommunications company, seems set for far-reaching changes to its management style and corporate structure with the retirement, announced yesterday, of Mr Gordon Owen, its long-serving group managing director.

Mr Owen's departure clears the way for Lord Young, the group's chairman, to pursue potentially radical plans to reshape the group.

The changes at Cable and Wireless, which will be overseen by a four-man steering group led by Lord Young, follow a wide-ranging restructuring last year at BT, the main UK telecommunications operator.

BT has reorganised its business into a set of new market-oriented divisions. The process started over a year ago with the departure of Mr Graeme Odgers, then the company's managing director.

It appears Cable and Wireless is on the verge of changes on a similar scale, to gear it up for the increased international competition in the next few years, following the government's recent moves to further liberalise the telecommunications market.

The steering group, which will include Mr Rod Olsen, the finance director, Mr Brian Pemberton, the managing director of Cable and Wireless worldwide services and Mr Peter van Cuylenberg, chief executive of Mercury, the British telecommunications subsidiary, will consider a number of options for reshaping Cable and Wireless which could mark a sharp break with its past.

Among the options will be a much more decentralised corporate structure, with managers given much greater responsibility for the performance of their businesses.

The senior management changes also usher in a change of style at the top of the company. Mr Owen, who joined the company 37 years ago as a 16-year-old engineering apprentice, was widely seen as representing the group's engineering strength. He established Mercury as a challenger to BT in the early 1980s by installing its telecommunications network.

Lord Young said Cable and Wireless would appoint another managing director in due course, although he hopes to maintain the collective style of management embodied by the steering group.

Repsol first-half profit rises 2%

REPSOL, Spain's state-controlled oil conglomerate, increased net profit in the first half of 1991 by 2 per cent to Pta40.55bn ($368m) following a sharp downturn in income in its chemicals division, writes our Madrid staff.

Repsol, the biggest industrial group in Spain, said net operating profits had jumped 23 per cent to Pta71.73bn in the period.

Much of the gain was made in the first quarter, when operating profit surged 48 per cent. It rose a modest 4.6 per cent in the second quarter due to the poor performance of the chemicals division.

Operating income from the division fell to Pta4.16bn in the first half.

The company did not provide comparative data, noting that only derivative chemical products were accounted for in the first-half figures for 1991.

Year-earlier data included basic bulk chemicals as well. Repsol said the chemicals division continued to be hurt by a drop in demand for derivative products.

COMPANY NEWS IN BRIEF

BSN purchase

BSN, the French food group, is considering the purchase of France Plats Cuisinés, a unit of French food retailer Casino, which makes pre-cooked meals, AP-DJ reports.

BSN said the company's interest in France Plats Cuisinés follows the purchase in 1989 of pre-cooked meal technology. It wants to expand operations in the sector, which has an annual revenue of about FFr1.5bn ($250m).

BSN hopes to reach an initial agreement with Casino by next month. Casino officials were not available for comment.

Atochem plans sale

ATOCHEM, a wholly owned unit of France's Société Nationale Elf Aquitaine, plans to sell the household plastic bag manufacturing activity of its Société d'Extrusion et de Transformation (SET) subsidiary to the Melitta group of Germany, AP-DJ reports.

SET will retain its polyethylene film and sheeting activities, which contributed about 85 per cent of the unit's total revenue of FFr230m ($38.65m) in 1990.

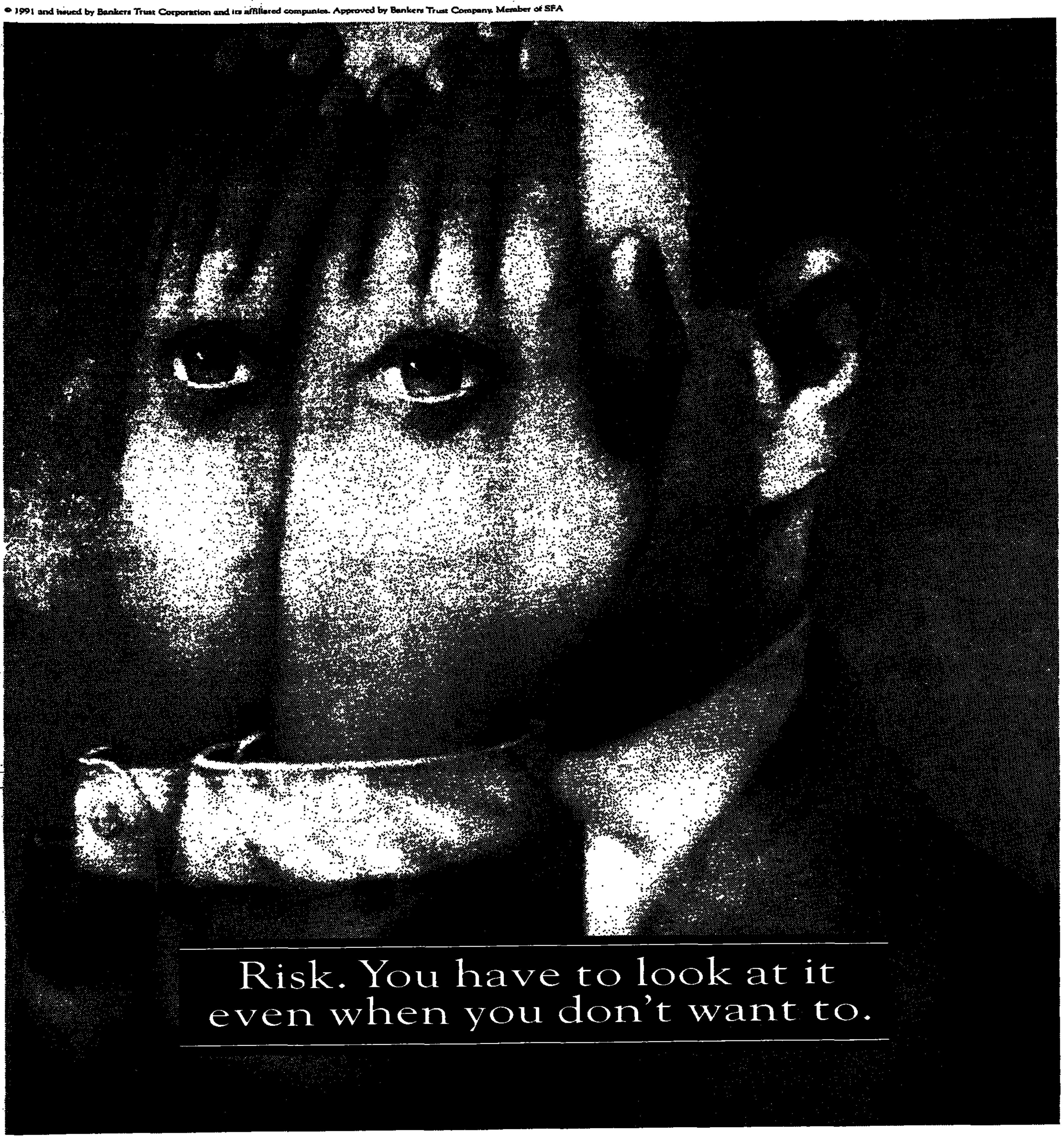
A spokeswoman for Atochem said the sale to Melitta is expected to be formalised shortly. The sale of the plastic bag assets, which operate under the "Handy Bag" trademark, was decided because the business is not a priority area for the Atochem group.

ABN Amro delay

ABN Amro, the Dutch bank formed through a merger last year, does not expect to begin integrating its domestic branch network until mid-1992, six months later than planned, Reuter reports.

Last April the bank said it expected to close about 100 of its 1,470 Dutch branches this year, to take advantage of cost-saving opportunities created by the merger.

According to a company spokesman it has been decided to delay the move until the second half of 1992, when back-office systems will be integrated.



It's always tempting to focus on reward. But you've got to keep an eye on risk.

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INTERNATIONAL COMPANIES AND FINANCE

Impala buys 38% stake in Barplats

By Philip Gawith in Johannesburg

IMPALA Platinum, the world's second largest platinum producer, has taken a 38 per cent holding in the Barplats Group, the platinum arm of Rand Mines, whose main asset is the troubled Crocodile River mine.

The deal promises to improve significantly the profitability of Crocodile River which had been losing about R1m ($350,000) per working day because of difficulties on the production and refining side.

Impala, the platinum arm of the Gencor group, is not paying cash for its stake. Instead it will provide quickly accessible ore reserves, adjacent to Crocodile River and the prospect of improved cost competitiveness through better metallurgical recoveries and reduced metal pipelines.

Mr John Turner, chief executive of Rand Mines gold division, said yesterday the company was happy with the deal as it made Crocodile River a "far more viable project".

Rand Mines will retain a 44.5 per cent holding in Barplats, down from 70 per cent, but Impala will control the company through an unlisted holding company and will also manage it. Barmines, the subsidiary of Barplats, will become wholly owned and be delisted.

The deal's two main features are the removal of Barplats's debt and a cut in production. Barplats will be virtually free of debt after R343m of borrowings, assumed by Rand Mines, has been capitalised in exchange for new Barplats shares at R5.71 per share. The recapitalisation will lift shareholder equity from R463m to R1.05bn.

Under a new mine plan, the targeted level of production will be reduced from 240,000 tons to 130,000 tons per month. The revised tonnage equates to a platinum production rate of 90,000 oz per month which should be achieved by 1996. This will constitute about 7 per cent of Impala's planned production level of about 1.35m oz.

Barplats will be raising up to R300m through a rights issue to develop Crocodile River further, a figure that will be considerably lower if the fiscal authorities allow development costs at Barplats to be set off against Impala's tax base.

Strong rhodium prices boost sales and profit at Rustenburg

By Philip Gawith

RUSTENBURG Platinum, the world's largest platinum producer, benefited from strong rhodium prices to record increased sales and earnings in the year to end-June.

Distributable profit rose by 9.6 per cent to R604m ($211.4m). Earnings per share were 482 cents up from 440 cents a year earlier.

The overall dividend payment of 350 cents per share was 12.9 per cent up on 1990.

In spite of lower revenues from platinum and a firmer rand-dollar exchange rate, sales rose by 16.4 per cent to R3.4bn.

The average rhodium price for the year was $4,601 per ounce, compared with $1,479 in 1990. The average platinum price was down to $428 per ounce from $485 in 1990.

Unit production costs rose by 15 per cent, but the cost of sales increased by 23.4 per cent – a function of Rustenburg's conservative method of stock valuation which drives cost of sales up when revenues from platinum by-products, such as rhodium and palladium, are high.

Lebowa Platinum, the other operating platinum company managed by the JCI group, saw sales revenue increase by 44.4 per cent to R111.9m, on the back of increased volumes and the higher rhodium price.

Cost of sales, however, rose by 62.2 per cent because of inflation, higher volumes and the running down of metal stocks when production was affected, in November 1990, by industrial unrest which led to the dismissal of the labour force.

These factors and lower cash balances because of capital expenditure saw after-tax profit drop by 45.2 per cent to R10.2m.

The board decided not to declare a dividend.

Mr Barry Davison, managing director of Rustenburg and Lebowa, said Lebowa was behind its plan of reaching 100,000 tons throughput by August next year.

He said this was the result of the industrial relations climate and poor productivity on account of a shortage of rock breakers at the mine.

Four Seasons hit by fall in business travel

By Bernard Simon in Toronto

FOUR SEASONS HOTELS, the Toronto-based luxury hotel and resort operator, was hit in the second quarter by a sharp slowdown in business travel.

The company, whose properties include London's Inn on the Park and The Pierre in New York, posted net earnings of C$2.1m (US$1.83m) or 10 Canadian cents per share, down from C$6.9m or 33 cents a year earlier.

Four Seasons said yesterday that business in London had picked up in the past few weeks and a further improvement was expected in the future. But business in New York remained slack, mainly because of the slump in social catering and business entertaining.

The Inn on the Park contributed more than half the earnings from company-owned hotels.

Operating income from the company's own hotels was a meagre C$949,000, down from C$5.4m.

In spite of the opening of two new resorts since the beginning of 1990, management fees fell to C$2.4m from C$4m. Interest charges more than tripled to C$933,000 as a result of a C$100m debenture issue. Revenues slipped to C$172.1m from C$178.7m.

Although travel picked up after the Gulf war, Four Seasons said the revival was slow, and the recession continued to have a serious impact.

Standard Bank ahead 25% after tax

By Philip Gawith

THE Standard Bank group, South Africa's premier blue chip banking investment, has announced a 25 per cent increase in after-tax income to R209m ($73.2m) in the six months to end-June.

Mr Henri de Villiers, chairman, and Dr Conrad Strauss, group managing director, said the performance was encouraging, but noted that the comparative period in 1990 had been relatively weak.

They added that the economy was in deep recession with no signs of recovery in the second half and that earnings growth for the year as a whole was likely to be below the relatively high levels of the first half.

The difficult conditions were evident in the abnormally high bad debts in all sectors.

Provisions increased from R74.6m to R192.7m during the period.

Gross margins in the latest period were higher than for some time, reflecting the lower cost of funding as liquidity conditions eased while overdraft rates remained high.

In spite of better margins, the general operating climate was characterised by tight monetary policy, weak business conditions and an absence of good lending opportunities.

This was reflected in the slow growth of assets which were up only 6.6 per cent from December to R48.5bn.

A dividend of 44 cents per share, one third of the total 1990 dividend, was declared, in line with group policy.

INTL. COMPANIES AND CAPITAL MARKETS

London bid for NZFOE may be front-runner

By Terry Hall in Wellington

THE BID by the London Futures and Options Exchange for the New Zealand Futures and Options Board (NZFOE) is believed to be the front-runner of six proposals to be reviewed by the NZFOE board at an annual meeting next week.

Last October, members of the NZFOE gave a mandate for the exchange to be privatised and sought international expressions of interest.

The board is owned by mainly New Zealand-based member firms. The decision to seek new owners in part followed a desire to strengthen the organisation which has shown strong growth in turnover over the past three years from relatively small beginnings.

Mr Len Ward, the New Zealand chairman, yesterday described the offer from the London as a "very substantial package of proposals", but he emphasised it was one of several to be considered.

The identities of the other potential buyers have not been disclosed.

Mr Ward said the other expressions of interest were "in different forms." He said he believed the board meeting would result in a recommendation to members that their shares be sold "to one of the parties".

The New Zealand exchange trades a variety of financial futures and options based on short-term bills, bonds, share indices and currencies as well as a wool contract.

It is believed that part of the attraction of the London link would be to greatly broaden the range of instruments traded.

Fourth Mexican bank privatised

THE MEXICAN Government has sold Banca Confia for 892,260m pesos ($293m). It is the fourth Mexican bank to be privatised since June, and at 3.7 times book value, the most expensive, writes Damian Fraser in Mexico City.

The winning investors, 3,000 in all, but headed by the principal shareholders of the Monterrey brokerage Abaco, bought 78.68 per cent of the bank at 56,702 pesos per share.

Kirin boosts profits after regaining market share

By Robert Thomson in Tokyo

KIRIN BREWERY, the largest Japanese beer producer, yesterday reported a 6.2 per cent increase in pre-tax profit to Y36.9bn ($267.4m) for the first half to end-June, as the company regained market share lost during the Japanese "beer war" of the past four years.

The volume of beer sold during the period rose 6.6 per cent, although total sales fell 2.7 per cent from the same period last year to Y579.7bn, following the separation of the company's soft drink division in January.

Kirin said sales of its heavily marketed Ichiban Shibori brand were particularly strong during the period and the mainline Kirin Lager kept its place as the market leader.

The company emphasised that marketing would be strengthened in an attempt to increase market share, which rose during the first six months from 48.6 per cent to 49.2 per cent.

The company had 60 per cent of the market in 1986 when Asahi Breweries shook the competition with its "dry beer", a longer-fermented, higher-alcohol brew that was an unexpected hit.

Other companies, including the conservative Kirin, were prompted to release new products.

Asahi reported last week that pre-tax profits for the first half fell 26 per cent to Y8.654bn on sales of Y326.07bn, marginally higher than the Y324.32bn for the same period last year.

The company said beer sales by volume rose 2 per cent, compared with the estimated 5 per cent increase in sales for the industry during the period.

It blamed the profit fall on increased capital investment, higher labour charges and interest expenses.

For the full year, Kirin expects a pre-tax profit of Y85bn, the same as last year, on sales of Y1,310bn, down from Y1,355bn.

Nissan Motor increases stake in Ikeda Bussan

By Stefan Wagstyl in Tokyo

NISSAN MOTOR, the Japanese carmaker, is to increase its stake in Ikeda Bussan, a component manufacturer in Nissan's family of companies, in a move to recapitalise Ikeda following disastrous losses on financial investments.

Ikeda is issuing new stock worth Y25bn ($181m) to erase a Y21.2bn deficit on its balance sheet. Nissan is taking up 67.7 per cent of the shares, which will raise its stake in Ikeda from 43 per cent to 58 per cent.

Other companies which have agreed to take up stock include Ikeda's business partners and banks.

The rescue follows the normal Japanese pattern in which a troubled company seeks support from related groups. The rescuers are required by social convention to support a weaker partner if they can, even if there is no immediate financial or commercial advantage.

Ikeda posted consolidated pre-tax losses of Y22.5bn for the year to end-March, due to setbacks on its investments and the burden of interest payments. The company invested Y70bn, or seven times its capital at the height of the bull market.

Keppel Corp announces better half-year results

By Joyce Quek in Singapore

KEPPEL Corporation, Singapore's government-linked conglomerate, announced improved results for the half year.

The group's holding company highlighted Keppel Shipyard, which registered a higher level of completed repair jobs in the period, and the banking and finance arm, as significant contributors to the improved interim performance.

Operating and pre-tax profits rose 15 per cent to S$108.9m (US$63.3m) and S$122.8m while group turnover for the six months to 30 June jumped to S$748.4m from S$592.6m.

Net investment and interest income was higher at S$12.3m, against S$9.9m, but extraordinary gains fell from S$25.4m to S$3.9m lowering attributable profits from S$82.5m to S$70.1m.

Keppel's 55 per cent-owned Far East Levingston Shipbuilding (Fels) recorded a 76 per rise in group turnover to S$207.4m, but a 7 per cent fall in after-tax profits to S$13.1m. This was due to the accounting practice which recognises costs associated with new building and repair contracts in progress under turnover, but profits only on completion of the job. Thus no big rigs were completed in the first half-year.

West Point Acquisitions agreement

By Karen Zagor in New York

WEST POINT Acquisitions, the company used by the Chicago industrialist Mr William Farley to acquire West Point-Pepperell, has agreed a restructuring agreement in principle with its banks and its debt and stockholders committees. The deal would reduce debt by about $800m from about $1.9bn.

Under the plan, the company's 95 per cent stake in West Point-Pepperell, the US textiles group, would be slashed to about 5 per cent.

The company said the agreement would not affect the operations of West Point-Pepperell.

Bondholders of Farley Inc, one of America's largest textile companies, have reportedly sought to push the company into involuntary bankruptcy, after talks with Mr William Farley, one of the up-and-coming eighties-style entrepreneurs, reached an impasse. Mr Farley, has been in lengthy restructuring negotiations with bondholders for months after missing interest and principal payments.

Under the plan for West Point Acquisition, its $796m bank debt will become bank debt of a subsidiary, WP Holding, which will own the 95 per cent stake in West Point-Pepperell. Interest accrued in the bank debt through the end of 1990 will be converted into 10 per cent of the common stock of WP Holding. The banks will also receive a $26.3m non-interest bearing note and up to $13.5m either in cash or in the form of an added note on account of interest accrued.

In addition, about $461m of the company's senior subordinated increasing rate notes will be converted into 62 per cent of the common stock of WP Holding. About $244.6m of subordinated increasing rate notes will be converted into 18.5 per cent of WP stock.

Soffex plans to launch new futures contract

By Tracy Corrigan

THE SWISS Options and Financial Futures Exchange (Soffex) plans to launch the first medium-term interest rate futures contract on Euro-Swiss francs on October 3.

A contract specification is still being developed. The underlying instrument will be a synthetic five-year bond, based on corresponding swap rates, a Soffex official said.

Soffex already has a three-month Euro-Swiss franc contract. A similar contract on the London International Financial Futures Exchange (Liffe) holds about 80 per cent of overall market share.

The short-term Swiss franc market in deposits and forward-rate agreements is actively, and internationally, traded, whereas Swiss franc government bonds are illiquid and only traded domestically. However, there is an active Swiss franc swaps market.

One futures dealer said the contract would be of interest mainly to banks wishing to hedge exposure.

"From Liffe's perspective, the contract is essentially a domestic one, and we would not envisage developing such a contract," said Mr Roger Barton, managing director of Liffe's business development.

Macy sales rise after declines

R. H. MACY, the New York-based department store chain, said sales for the fourth quarter ended August 3 rose slightly to $1.633bn from $1.629bn a year earlier, after steady declines in the first three quarters of fiscal 1991, writes Karen Zagor.

Macy, which has a large exposure to the weak economy of New England, said its third-quarter sales fell 6.8 per cent, while sales in the first half dropped 10 per cent.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:05 pm on August 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	102	102½	+⅛	7.45
ALBERTA PROVINCE 9 3/8 95	600	104½	104⅞		8.06
AUSTRIA 8 1/2 00	400	99⅝	100	+⅛	8.55
BANK OF TOKYO 8 3/8 96	100	99⅞	100⅜	+⅛	8.42
BELGIUM 9 5/8 98	250	105⅜	105⅞		8.56
BFCE 7 3/4 97	150	98⅞	99⅛	+⅛	8.02
BNP 8 5/8 94	300	102⅜	102⅜		7.71
BP CAPITAL 9 5/8 93	150	102⅝	103⅛		7.57
CANADA 9 96	1000	104⅛	104⅜	+⅛	7.87
CARCO 9 1/4 96	650	101⅞	102⅛	+⅛	8.93
CCCE 9 1/4 95	300	104	104⅜	-⅛	7.89
COUNCIL EUROPE 8 96	100	99½	100		8.13
CREDIT FONCIER 9 1/2 99	300	105⅛	105⅝	+⅛	8.53
DENMARK 0 98	250	56⅝	57⅛	+⅛	8.46
DENMARK 8 1/4 94	150	101⅞	102⅛	+⅛	7.58
ECSC 8 1/4 96	193	100⅞	101⅛		8.05
EEC 7 1/4 93	250	100⅛	100½		7.12
EIB 7 3/4 96	250	99½	100	+⅛	7.87
EIB 9 1/4 97	1000	104⅜	104⅝	+⅛	8.36
ELEC DE FRANCE 9 98	200	103⅛	103⅜	+⅛	8.32
EUROFIMA 9 1/4 96	100	102⅞	103⅜	-⅛	8.45
EXPORT DEV CORP 9 1/2 98	150	105⅛	105½	+⅛	8.49
FINLAND 7 7/8 97	200	97⅝	98	-⅛	8.53
FINNISH EXPORT 9 3/8 95	200	103½	104	-⅛	8.34
FORD MOTOR CREDIT 9 1/2 93	300	102⅞	103⅛	-⅛	8.06
GEN ELEC CAPITAL 9 3/8 96	300	104½	104⅞	+⅛	8.20
GMAC 9 1/8 96	200	101⅝	102⅛	+⅛	8.66
HALIFAX 9 1/2 93	200	103⅛	103⅜	+⅛	7.56
IBM WORLD TRADE 7 5/8 93	150	100⅛	101	+⅛	7.47
IND BK JAPAN FIN 7 7/8 97	200	97	97½	+⅛	8.55
INTER AMER DEV 7 5/8 96	200	97⅝	98	+⅛	8.21
ITALY 8 1/2 94	1500	102⅜	102⅝		7.62
JAPAN DEV BK 8 94	150	101⅛	101½	+½	7.52
KANSAI ELEC PWR 10 96	350	105⅞	106⅜		8.40
LTCB 8 5/8 93	150	101⅜	101⅞		7.62
NEW ZEALAND 8 93	100	100⅞	101⅛	+⅛	7.53
NIPPON CRED BK 9 3/4 93	150	103½	104	-⅛	7.91
NIPPON TEL & TEL 9 3/8 95	200	104	104⅜	-⅛	8.01
NORDIC INV BANK 9 93	200	102⅞	103⅜		7.31
ONTARIO HYDRO 11 5/8 94	200	107⅝	108⅛	-⅛	8.09
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95	-⅛	9.41
KREDIETCORP 7 93 LFr	1000	95½	96½	-⅛	9.57
WORLD BANK 8 96 LFr	1000	95	[illegible]	-1⅛	9.34
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY 5 3/8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNCF 6 3/4 00	30000	100⅛	100⅝		6.86
SWEDEN 5 5/8 95	20000	95⅜	96⅛	+⅛	6.83
WORLD BANK 6 3/4 00	50000	100½	100⅞		6.66

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 07.08.91: Pool purchase price £/MWh	Final Prices for Trading on 18.07.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.83	15.87	15.87
0100	16.53	15.87	15.87
0130	16.51	15.87	15.87
0200	15.50	15.87	15.87
0230	15.50	15.87	15.87
0300	15.60	15.87	15.87
0330	16.50	15.87	15.87
0400	15.50	15.87	15.87
0430	15.50	15.87	15.87
0500	15.50	15.87	15.87
0530	16.50	15.92	15.92
0600	15.62	15.92	15.92
0630	16.93	15.92	15.92
0700	21.15	16.24	16.24
0730	21.15	19.04	21.11
0800	18.64	19.17	21.24
0830	18.64	20.96	23.06
0900	18.64	20.99	23.09
0930	21.42	21.03	23.14
1000	21.42	21.05	23.16
1030	21.42	21.06	23.17
1100	21.42	21.07	23.18
1130	21.43	21.13	23.25
1200	21.43	21.19	23.33
1230	21.42	21.18	23.31
1300	21.42	21.10	23.21
1330	21.42	21.00	23.10
1400	21.42	20.97	23.06
1430	21.42	20.96	23.05
1500	21.42	20.96	23.05
1530	21.42	20.96	23.05
1600	21.42	21.16	23.26
1630	21.42	21.23	23.34
1700	21.42	26.60	29.04
1730	21.42	26.77	29.00
1800	21.42	21.15	23.26
1830	18.25	21.12	23.23
1900	21.01	19.17	21.23
1930	21.01	19.04	21.11
2000	21.01	18.44	20.50
2030	21.01	18.35	20.41
2100	21.27	18.35	20.40
2130	21.27	18.44	20.49
2200	21.27	20.79	22.86
2230	21.27	20.79	22.86
2300	17.18	20.79	22.87
2330	15.83	26.00	28.12
2400	15.83	26.00	28.12

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

INTERNATIONAL CAPITAL MARKETS

Compagnie Bancaire launches two deals

By Tracy Corrigan

INTERNATIONAL BONDS

COMPAGNIE Bancaire, the French financial services company, yesterday launched two deals in the international bond markets, including a well-received FFr1.4bn deal. Elsewhere, apart from a handful of Japanese equity-linked deals, new issue activity was subdued.

Both deals for Compagnie Bancaire – the FFr1.4bn issue, increased from FFr1bn, of five-year bonds via BNP, and a SFr100m offering of four-year bonds via Swiss Volksbank – were considered aggressively priced, compared with previous deals, but the French franc offering was well received.

The FFr1.4bn deal – of which a large chunk was placed by Morgan Stanley – benefitted from strong demand for French bonds, as investors are taking a positive view on the French market, and there is little other paper available.

The proceeds of the French franc issue will be partly used to refund the company's medium-term domestic debt.

The big three Swiss banks (Crédit Suisse, Swiss Bank Corporation and Union Bank of Switzerland) all declined to participate in the SFr100m deal, which they considered too tightly priced for a financial borrower which has been a frequent visitor to the international bond markets.

Compagnie Bancaire still has FFr4-FFr5bn equivalent to raise in foreign currency borrowing – mostly in sterling – this year, having already completed around FFr7bn equivalent.

The Swiss franc deal was swapped into floating-rate sterling and will be used to fund the company's UK mortgage lending business.

Among the three Japanese equity warrant offerings totalling $610m, Kurita Water's $100m issue proved the best performer, rising above its par issue price to 101⅝ bid.

US Treasuries rally after Fed eases monetary policy

By Patrick Harverson in New York and Sara Webb in London

AN APPARENT easing of monetary policy by the Federal Reserve pushed bond prices sharply higher across the board yesterday morning.

By midday the benchmark 30-year bond was up 11/32 at 99 3/16, yielding 8.191 per cent. The two-year note was also notably firmer, up 1/16 at 100 11/32, to carry a yield of 6.566 per cent.

The market was becalmed until 11.30am, when the Fed unexpectedly intervened in the credit markets via overnight system repurchase agreements.

Overnight repos are the most aggressive form of open market operation available to the Fed, and its actions were seen as a clear signal that it wanted the Federal funds rate reduced by 25 basis points.

The intervention came when Fed funds were trading at 5¾ per cent, and by midday the rate had dropped to 5¼ per cent, which is now regarded as the Fed's new preferred target.

Although the timing of the move caught the market by

GOVERNMENT BONDS

surprise, some easing of policy had been expected in the wake of recent money supply and employment data which suggested the economic recovery was stalling.

The market bid prices up yesterday not only in response to the Fed's move, but also in anticipation that the easing will help boost demand for this week's big auctions of Treasury securities. The market had been concerned that a lack of demand for the new paper would depress prices across the maturity range.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	106.5977	+0.252	10.91	11.00	10.98
BELGIUM		10.000	08/00	103.3000	+0.300	9.44	9.52	9.54
CANADA *		9.750	08/01	99.9500	+0.375	9.75	9.91	10.00
DENMARK		9.000	11/00	97.5250	+0.250	9.40	9.45	9.33
FRANCE	BTAN	9.000	02/96	98.6313	+0.071	9.35	9.40	9.35
	OAT	9.500	01/01	102.0700	+0.210	9.14	9.25	9.23
GERMANY		8.375	05/01	98.5500	+0.170	8.58	8.69	8.57
ITALY		12.500	03/01	97.2300	-0.050	13.43	13.55	13.34
JAPAN	No 119	4.800	06/99	89.3974	-0.086	6.87	6.95	7.22
	No 129	6.400	03/00	99.2280	-0.109	6.54	6.59	6.76
NETHERLANDS		8.500	03/01	97.7900	+0.100	8.84	8.90	8.81
SPAIN		11.900	07/96	99.7000	-	11.96	12.10	11.85
UK GILTS		10.000	11/96	99-18	-02/32	10.12	10.23	10.26
		10.000	02/01	99-25	-07/32	10.04	10.16	10.24
		9.000	10/08	93-04	-05/32	9.81	9.93	9.87
US TREASURY *		8.000	05/01	99-24	-01/32	8.03	8.21	8.29
		8.125	05/21	98-24	-03/32	8.24	8.39	8.46

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

■ THE RALLY in the UK government bond market continued yesterday morning, allowing the Bank of England to sell two tranches of short and long-dated stock.

The Bank, which announced the issue of three £150m tranches of stock on Monday afternoon, said the 10¼ per cent Exchequer stock due 1995 and the 8½ per cent Treasury stock due 2007 were exhausted yesterday morning.

Traders said short-dated gilts ended slightly higher, helped by shortening trades, while long-dated gilts were virtually unchanged on the day. The benchmark 11¾ per cent gilt due 2003/07 opened at 111 13/16 and closed at 111 27/32.

■ GERMAN government bond prices rose due to the combination of lower short-term interest rates in the US, better-than-expected unemployment figures in Germany and some new cash flowing into the market.

The Liffe bund futures contract opened at 84.23 and moved up to 84.41 in the morning, as investors switched out of cash into bunds, traders said. Some investors took profits in the gilt market, following the rally over the last month, and switched the money into bunds.

The futures contract rose to 84.45 later in the day on news that the US Federal Reserve had lowered short-term interest rates.

Meanwhile, speculation that the Bundesbank will raise interest rates soon was given a further boost when Mr Karl Thomas, a Bundesbank council member, said that a discount rate rise was long overdue.

■ JAPANESE government bond prices slipped on profit-taking yesterday as hopes of lower money market rates faded. The yield on the benchmark No 129 JGB opened at 6.515 per cent and closed at 6.545 per cent, and the volume of contracts traded was Y550bn.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Kawasaki Heavy Ind.(a)♦	360	4⅝	100	1995	2¼/1½	Yamaichi Int.
Shimadzu Corp(a)♦	150	4⅝	100	1995	2¼/1½	Nikko Secs.
Kurita Water Ind.(a)♦	100	4⅝	100	1995	2¼/1½	Nikko Secs.
FRENCH FRANCS						
Compagnie Bancaire(a)†	1.4bn	9¾	101.495	1996	1⅞	BNP Capital Markets
SWISS FRANCS						
Kawasaki Heavy Ind.(b)**§	200	5½	100	1995	-	SBC
Compagnie Bancaire(a)†	100	7⅛	101⅝	1995	-	Swiss Volksbank
FP Corp(c)**§	80	4	100	1995	-	Daiwa Secs.(Switz)
Daiki Aluminium(d)**♦	30	4½	100	1995	-	Coutts & Co.
Goto Drop Forging**♦	20	4½	100	1995	-	Yamaichi Bk (Switz)

**Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Callable at 102½% 30/9/93 declining ½% semi-annually. Coupon payable semi-annually. c) Put option 30/9/93 at 108% to yield 7.608%. d) Callable 22/8/92 at 101½% declining ¼% semi-annually.

FT LAW REPORTS

Ghana oil loss is in dollars

THE TEXACO MELBOURNE
Queen's Bench Division
(Commercial Court):
Mr Justice Webster:
July 30 1991

DAMAGES FOR breach of contract, in the absence of an agreed currency of account, may be awarded in an appropriate currency other than that in which the plaintiff felt his loss at date of breach, if, by date of award, the latter currency has so fallen in value that payment in it would be significantly unfair to the plaintiff in that it would not fully compensate him by making restitution.

Mr Justice Webster so held when giving judgment in dollars for the plaintiff, the Attorney General of the Republic of Ghana and Ghana National Petroleum Corporation, on their breach of contract claim against Texaco Overseas Tankships Ltd, owners of the Texaco Melbourne.

HIS LORDSHIP said that in November 1982 14,010 tonnes of fuel oil was shipped on board Texaco Melbourne at Tema in Ghana.

The cargo-owners were the Petroleum Department of the Ghana Ministry of Fuel and Energy. The oil had been processed at a state refinery at Tema.

By the contract of carriage the shipowners had undertaken to carry the cargo from Tema to Takoradi in Ghana, for delivery. At Takoradi it was to be sold to various Ghanian oil companies.

The fuel oil never reached Takoradi. Its non-arrival was not attributable to any misconduct on the shipowners' part, but they were placed in breach of the contract of carriage. The cargo-owners claimed damages.

The issue was whether damages should be in US dollars, or in Ghanian cedis.

There was very strict exchange control legislation in Ghana. Only the Bank of Ghana was permitted to receive or own foreign currency. All domestic transactions were in cedis. International operations were conducted through the bank.

The cargo-owners' accounts with the bank were maintained in cedis and their auditors' reports and financial statements were prepared in cedis. Books and accounts were also kept in cedis.

The cargo-owners contended that damages should be in dollars. The shipowners contended they should be in cedis.

The claim was for $2.8m, based on the cost of buying replacement cargo in Italy in dollars. Since the date of breach the value of the cedi against the dollar had fallen dramatically. If the award was expressed in cedis based on sale at Takoradi, it would cost the shipowners no more than about $30,000.

The principal measure of damages in a non-delivery claim was the value of goods to the plaintiff, prima facie assessed by reference to market price if there was an available market.

If there were available markets in Takoradi and in Italy, the relevant market would be at place of delivery, namely Takoradi; but if there was no available market in Takoradi, the only available market was in Italy, since the evidence that Italy was the nearest market was unchallenged.

For a notional market to exist it must be possible for thegoods to be bought or sold, not by private or individual transaction, but at a place where buyers and sellers met together for the purpose of purchasing and selling.

On the evidence, there was no such market at Takoradi. The only available market was in Italy. Although oil could have been sold in Ghana it could not have been bought in a free market.

Mr Boswood contended that if the available market was in Italy the award should be in dollars, because oil in that market was traded in dollars. Mr Eder submitted the appropriate currency was cedis in which the cargo-owners felt their loss.

In the Federal Huron [1985] 2 Lloyd's Rep 189,190 Mr Justice Bingham set out six governing principles as to the appropriate currency test, established in Lord Wilberforce's speech in the Despina R and the Folias[1979] AC 685.

Those principles were:

● 1. Where it was inappropriate to give judgment in sterling but there was more than one eligible foreign currency, the choice must depend on general contract law principles and on rules of conflict of laws.

● 2. General contractual principles required application, so far as possible, of the principle of restitutio in integrum [restoration to the original position].

● 3. Where the contractual law was English, the first step was to see whether the contract provided an answer to the currency question.

● 4. If the contract showed an agreed currency of account and payment, judgment could be given in that currency.

● 5. If the contract did not show an agreed currency of account and payment, the plaintiff should receive damages calculated in the currency in which the loss was felt or which most truly expressed his loss, which might or might not be the currency in which the loss first and immediately arose. The court must ask which currency would, as nearly as possible, compensate in accordance with the principle of restitution, and whether the parties must reasonably have had it in contemplation.

● 6. A decision as to the currency in which a loss was borne or felt was equivalent to finding which currency sum most appropriately or justly reflected the recoverable loss.

Those six principles were adopted.

The clearest expression of a "test" was in paragraph 5, namely that: "The plaintiff should receive damages calculated in the currency in which the loss was felt or which most truly expressed his loss."

The court would qualify or extend the six principles in one respect.

Although regard was to be had for evaluation purposes to the currency in which the loss was felt at the time and which most truly expressed that loss, nonetheless if, as a result of subsequent events, an award in that currency would be significantly unfair to one party, the court might make an award in another appropriate currency provided it would not be significantly unfair to the other party to do so.

Disregarding the fall in value of the cedi since date of breach, three considerations weighed in favour of a dollar award: oil was essentially a dollar commodity for the purpose of international transactions; the only available market in which substitute oil could have been bought was Italy, for dollars; the shipowners would have contemplated a dollar liability, primarily because they were carrying oil and the dollar was the currency most clearly linked to oil.

Seven considerations favoured an award in cedis: cedis were the currency of port of discharge; sale by the cargo-owners to buyers in Ghana would have been in cedis; the cargo-owners kept its accounts in cedis; proceeds of oil sales in Ghana were invested by the cargo-owners in Ghana; there was no evidence that the oil was replaced by a dollar purchase; if it had been replaced internally, the immediate cost would have been the cost in cedis of refined fuel oil; there was no evidence of actual and immediate "dollar loss".

If there had been no further considerations the conclusion would have been that loss was felt in cedis, that cedis most truly expressed the loss, and that compensation should be in cedis.

But whether an award in cedis would in fact compensate or provide restitution depended on the date at which that question should be considered.

As at date of loss, an award in cedis would have fully compensated the cargo-owners and have provided restitution. But an award in cedis at present value would fall a very long way short of compensating them or providing restitution.

That was a factor which should be taken into account.

An award in cedis would represent a very significant prejudice to the cargo-owners.

If the award were in dollars the only prejudice to the shipowners, apart from the loss of their windfall, would be the fact that, from date of loss, they had been bearing the risk of fluctuations in the value of the dollar. That prejudice was relatively insignificant.

Even if a dollar award represented a windfall to the cargo-owners, it was far outweighed by the prejudice to them (and the windfall to the shipowners) if damages were awarded in cedis.

Although the cargo-owner felt the loss, at least immediately, in cedis, the award should be in dollars.

The cargo-owners were awarded $2.8m.

For the cargo-owners: Mr Anthony Boswood QC and Guy Philipps (Denton Hall Burgin & Warrens).

For the shipowners: Mr Bernard Eder QC and Graham Dunning (Clyde & Co).

Rachel Davies
Barrister

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Aug 6 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Mon Aug 5 Index No.	Fri Aug 2 Index No	Thu Aug 31 Index No.	Year ago (approx) Index No
1	CAPITAL GOODS (184)	826.73	-0.9	10.39	5.84	11.88	22.56	834.57	839.68	832.88	818.63
2	Building Materials (24)	1044.95	-1.4	9.18	5.97	13.78	30.76	1059.29	1070.60	1064.43	1056.51
3	Contracting, Construction (31)	1131.51	-1.2	9.72	6.90	13.59	32.68	1144.79	1158.05	1154.84	1377.09
4	Electricals (11)	2410.52	-0.9	10.63	5.52	11.97	61.85	2431.83	2460.03	2438.43	2237.39
5	Electronics (25)	1721.47	-0.4	8.74	5.23	15.21	46.89	1727.96	1730.71	1716.89	1668.42
6	Engineering-Aerospace (8)	416.53	-1.7	16.43	6.02	7.31	12.11	423.71	426.67	425.35	447.65
7	Engineering-General (45)	456.57	-0.5	11.74	5.63	10.43	11.82	458.74	459.10	454.95	462.95
8	Metals and Metal Forming (8)	428.48	-1.0	16.46	8.24	7.46	16.93	432.68	435.21	431.24	447.43
9	Motors (12)	320.84	......	11.84	7.49	10.09	10.28	320.80	323.30	318.15	321.61
10	Other Industrial Materials (20)	1600.98	-1.0	8.71	5.02	13.50	36.42	1617.56	1625.46	1609.33	1451.37
21	CONSUMER GROUP (187)	1507.43	-0.5	7.70	3.62	16.02	25.63	1514.31	1524.00	1524.56	1240.63
22	Brewers and Distillers (22)	1845.45	+0.1	8.34	3.59	14.62	34.70	1843.64	1846.44	1848.20	1554.61
25	Food Manufacturing (19)	1198.90	-0.4	9.58	4.13	12.89	24.43	1204.23	1213.06	1205.21	1045.23
26	Food Retailing (17)	2714.51	-0.5	7.92	3.07	16.51	39.61	2727.82	2772.37	2744.26	2471.56
27	Health and Household (22)	3568.20	-0.6	5.43	2.43	20.98	30.93	3590.48	3617.37	3625.40	2393.13
29	Hotels and Leisure (23)	1284.63	-0.4	9.33	5.36	12.92	32.35	1289.91	1294.43	1297.45	1353.73
30	Media (26)	1425.81	-0.9	8.23	4.98	15.78	38.26	1438.79	1441.74	1438.30	0.00
31	Packaging, Paper & Printing (17)	745.53	-0.5	7.55	4.43	16.00	15.15	749.11	747.29	746.84	562.35
34	Stores (32)	961.73	-0.6	7.97	3.87	16.38	17.06	967.47	975.14	987.26	726.10
35	Textiles (9)	590.55	-0.6	8.50	5.25	14.61	13.79	594.27	600.52	592.46	473.81
40	OTHER GROUPS (109)	1253.80	-0.4	9.85	5.14	12.65	29.31	1258.65	1266.91	1260.54	1083.52
41	Business Services (12)	1338.81	-1.0	8.06	4.87	15.35	29.77	1352.63	1354.12	1340.37	0.00
42	Chemicals (21)	1431.88	-0.2	7.16	5.03	17.23	35.03	1435.47	1445.90	1443.70	1138.49
43	Conglomerates (10)	1434.17	-0.8	10.38	7.36	11.63	35.14	1445.99	1467.92	1466.73	1501.39
44	Transport (13)	2245.20	-0.5	8.40	4.75	14.74	50.50	2255.70	2268.69	2255.56	2136.62
45	Electricity (16)	1205.87	-0.7	14.49	5.39	8.82	18.41	1214.49	1216.58	1209.54	0.00
46	Telephone Networks (4)	1518.28	+0.3	9.77	4.01	13.39	28.31	1514.02	1522.37	1510.44	1150.32
47	Water (10)	2329.08	-0.5	17.54	6.61	6.31	118.37	2340.11	2342.63	2324.85	1967.18
48	Miscellaneous (23)	1981.01	-0.8	6.13	4.87	21.14	47.89	1997.41	2016.74	2009.75	1620.64
49	INDUSTRIAL GROUP (480)	1260.71	-0.5	8.91	4.54	13.89	26.53	1267.35	1275.53	1271.63	1096.55
51	Oil & Gas (20)	2449.80	-0.4	11.07	5.59	11.88	67.26	2458.71	2476.07	2481.24	2493.66
59	500 SHARE INDEX (500)	1361.66	-0.5	9.19	4.67	13.60	29.82	1368.55	1377.48	1374.18	1211.06
61	FINANCIAL GROUP (92)	818.20	-0.2	-	5.71	-	21.65	819.79	819.34	808.83	750.36
62	Banks (9)	950.76	+0.1	5.30	5.67	30.20	24.83	949.86	941.89	926.90	798.64
65	Insurance (Life) (7)	1558.54	-0.5	-	5.31	-	41.64	1566.01	1570.43	1548.08	1375.98
66	Insurance (Composite) (6)	667.99	-0.6	-	6.56	-	20.25	671.73	680.76	665.82	624.40
67	Insurance (Brokers) (9)	1145.67	-0.1	6.86	5.89	18.91	30.61	1147.29	1155.24	1151.50	918.50
68	Merchant Banks (7)	444.95	+0.5	-	4.71	-	11.00	442.76	439.92	437.84	403.14
69	Property (36)	917.59	-0.5	6.08	5.07	23.41	19.84	921.84	922.54	922.88	1046.26
70	Other Financial (18)	250.18	-0.5	11.47	7.24	10.92	7.99	251.42	251.85	251.27	275.80
71	Investment Trusts (69)	1210.07	-0.7	-	3.54	-	20.95	1218.60	1226.45	1224.95	1133.30
99	ALL-SHARE INDEX (661)	1229.31	-0.5	-	4.78	-	27.55	1235.05	1241.97	1237.31	1099.84

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 5	Aug 2	Aug 31	Jul 31	Jul 30	Year ago
FT-SE 100 SHARE INDEX‡	2573.3	-12.1	2580.4	2572.8	2585.4	2601.7	2591.7	2588.8	2595.6	2235.6

FIXED INTEREST

	PRICE INDICES	Tue Aug 6	Day's change %	Mon Aug 5	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.49	+0.01	121.48	1.95	7.13
2	5-15 years (27)	132.18	-0.13	132.35	1.79	8.58
3	Over 15 years (9)	141.02	-0.20	141.30	2.90	6.83
4	Irredeemables (6)	155.17	-0.08	155.29	2.69	7.34
5	All stocks (70)	131.19	-0.09	131.30	1.98	8.02
	Index-Linked					
6	Up to 5 years (1)	160.49	+0.03	160.44	0.78	2.72
7	Over 5 years (10)	145.32	+0.05	145.25	0.65	2.76
8	All stocks (11)	146.32	+0.05	146.25	0.66	2.76
9	Debs & Loans (56)	111.39	+0.98	110.31	2.70	5.89

	AVERAGE GROSS REDEMPTION YIELDS		Tue Aug 6	Mon Aug 5	Year ago (approx)
	British Government				
1	Low	5 years	8.95	8.94	11.12
2	Coupons	15 years	9.71	9.70	11.12
3	(0%-7¾%)	20 years	9.71	9.70	11.12
4	Medium	5 years	10.09	10.08	12.16
5	Coupons	15 years	9.92	9.88	11.64
6	(8%-10¾%)	20 years	9.87	9.83	11.48
7	High	5 years	10.27	10.26	12.38
8	Coupons	15 years	10.03	9.99	11.92
9	(11%-)	20 years	9.93	9.90	11.74
10	Irredeemables		9.92	9.90	11.24
	Index-Linked				
11	Inflation rate 5%	Up to 5 yrs	4.43	4.43	4.83
12	Inflation rate 5%	Over 5 yrs	4.38	4.38	4.25
13	Inflation rate 10%	Up to 5 yrs	3.51	3.51	3.74
14	Inflation rate 10%	Over 5 yrs	4.20	4.20	4.08
15	Debs &	5 years	11.74	11.85	13.82
16	Loans	15 years	11.48	11.53	12.79
17		25 years	11.29	11.42	12.60

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	20	45	18
Corporations, Dominion and Foreign Bonds	1	7	12
Industrials	106	400	1,002
Financial and Properties	58	237	443
Oils	4	29	55
Plantations	0	3	7
Mines	20	44	94
Others	9	91	70
Totals	218	856	1,701

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings Aug. 5
● Last Dealings Aug. 16
● Last Declarations Nov. 7
● For settlement Nov. 18

For rate indications see end of London Share Service

Calls: Berisford, Control Secs., Costain, Drayton Cons., Thames TV. Puts: Brent Chemicals, Rainers. Put & Call: Thames TV.

LONDON TRADED OPTIONS

[illegible]

UK COMPANY NEWS

£7m of redundancy and restructuring costs take their toll

British Alcan still in red at halfway

By Kenneth Gooding, Mining Correspondent

BRITISH ALCAN Aluminium, which has announced a total of 870 redundancies since the beginning of January, representing 7.5 per cent of its workforce, yesterday reported that the heavy restructuring costs had kept it in the red for the first half of 1991.

The company, a wholly-owned subsidiary of Alcan Aluminium of Canada, suffered a loss before tax of £3.2m compared with a profit of £8.4m in the first half of 1990.

Redundancy payments would account for much of a £7.3m charge against operating profits.

Mr Douglas Ritchie, chairman, said there was unlikely to be an improvement in the performance in the second half, given the current state of the UK economy and the depressed level of aluminium prices.

"The recession in the UK continues to affect demand for aluminium products in most sectors except packaging and there are no signs of an improvement in the general economic situation," he added. "Demand in the packaging sector and in export markets remains strong, although intense competition continues to depress margins."

The company's efficiency improvement, cost reduction and plant rationalisation programme had hit particularly hard at the Lochaber smelter in the Scottish Highlands, where 110 jobs were to go, and a similar number would be lost at Alcan Plate in Birmingham.

The redundancy total included 245 jobs at British Alcan's Silvertown foil plant in London which had closed. There was an exceptional charge of £10m to cover that closure in the 1990 results, which saw the company lapse into loss for the first time since it was formed from a merger in 1982. The taxable loss in 1990 was £12.3m.

Sales volumes in the first half of this year fell by 4 per cent to 151,000 tonnes but sales of fabricated aluminium products were maintained. Revenues declined by nearly 9 per cent from £424m to £386.5m, reflecting continued pressure on selling prices.

After the restructuring costs (£1.1m in 1990) operating profit was down from £17.6m to £5.7m. "This fall would have been more severe without the benefit of the cost reduction programme," said Mr Ritchie.

After a tax charge of £600,000 (£3m) the attributable loss was £3.8m (profit £5.4m).

Mr Ritchie said that continuing close control over working capital released funds to help sustain capital expenditure at £20m and there was a small drop in external borrowings.

Whitegate Leisure directors take pay cuts

By Peggy Hollinger

THE CHAIRMAN and chief executive of Whitegate Leisure yesterday signalled the depth of troubles besetting that recession-hit sector by taking pay cuts of more than 30 per cent.

Mr Nicholas Oppenheim, chairman, and Mr James Naylor, chief executive, have led the way on senior management pay cuts throughout the group. Last year the highest-paid executive earned between £110,000 and £115,000.

The announcement from the USM-quoted bowling alley and discotheque operator accompanied results which showed a sharp drop in pre-tax profits from £442,000 to £54,000 for the 26 weeks to July 1 1991.

However, the 1990 result was bolstered by capitalised interest of £537,000. Stripping this out, Whitegate would have incurred a £95,000 loss. No interest was capitalised during the first half of 1991.

Mr Oppenheim said trading had been disappointing, and although traditionally leisure groups such as Whitegate made the bulk of their profits in the second half, there were as yet no signs of a recovery.

Turnover increased by 36 per cent from £8.9m to £12.2m, which reflected Whitegate's rapid expansion in the 1990 year. Sixteen businesses were added to make a total of 40 at the year end.

Interest charges jumped from £933,000 to £2.1m as borrowings to fund acquisitions leapt from £12m to £31m. Gearing stood at 89 per cent.

Mr Oppenheim said that the company expected to dispose of some businesses when it became sensible to do so.

It is thought likely that these will be the group's healthcare division, which runs five nursing homes in the UK, and the six discotheques in France.

Earnings per share dropped from 1.2p to 0.1p and there is again no dividend.

CRT acquires Doctus offshoot from receiver

By Michiyo Nakamoto

Doctus Consultancy Management, part of the Doctus marketing and business services group which went into receivership last week, has been acquired from the receivers by CRT, the consultancy, recruitment and training group.

CRT will pay a maximum £200,000 cash, as well as assuming £500,000 in liabilities owed by DCM, including wages and benefits due to employees and associates. The consideration compares with DCM's net assets of £150,000. CRT will also acquire the debtors of DCM, who owe the company an unspecified amount.

All of DMC's staff of 75 and associates will join CRT.

DCM, which was forced into receivership as a result of the collapse of its parent company, had been one of the most profitable companies within the group.

Admiral shows 10% growth

By Michiyo Nakamoto

A CAUTIOUS management style and its place in a niche market helped Admiral, the professional services company specialising in information technology, avoid the worst effects of the recession and record a 10 per cent rise in profits for the first half of 1991.

Profits rose from £1.51m to £1.67m in contrast to many of its competitors which have seen profits plunge.

The buoyant performance enabled it to step up recruitment at a time when many of its competitors were cutting back. Average staff numbers increased by 20 per cent over the year-end and 28 per cent over the same period a year ago.

Turnover expanded 19 per cent to £11.7m (£9.8m), achieved despite the sharp downturn in activity in the defence and financial industries, its two main markets.

"We have two very difficult sectors that we are not finding as difficult as they should be," said Mr Clay Brendish, executive chairman.

The company was not exposed to large scale development projects and therefore sheltered from the worst effects of the recession.

At the same time it had diversified its business, shifting slightly away from the defence sector to financial industry.

Defence activity fell from 47 per cent of turnover to 38 per cent, and financial industry business rose from 23 per cent to 28 per cent.

Earnings were 10.3p (9.1p) and the interim dividend goes up to 1.5p (1.32p).

● **COMMENT**

There is no doubt that Admiral's rigorous management style has paid off, giving the company the resources to take on new staff while many of its competitors are struggling to survive.

With recent staff increases, on top of its cash cushion of £3.9m, Admiral is better placed to benefit from any economic upturn than most. On the other hand the move to increase staff is something of a gamble that the economic upturn will come in the not-too-distant future. Unlike others in the sector, the 65 per cent stake controlled by management means that bid speculation cannot be counted on to boost the shares.

Forecast profits of £3.8m for the full year puts the shares on a prospective multiple of 14, a premium to the market which looks fair.

TENDER NOTICE

UK GOVERNMENT ECU TREASURY BILLS

For tender on 13 August 1991

1. The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 13 August 1991. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England.

2. The ECU 1,000 million of Bills to be issued by tender will be dated 16 August 1991 and will be in the following maturities:
ECU 300 million for maturity on 12 September 1991
ECU 300 million for maturity on 14 November 1991
ECU 400 million for maturity on 13 February 1992

3. All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 13 August 1991. Payment for Bills allotted will be due on Friday, 16 August 1991 (since 15 August is an ECU non-clearing day), and will be calculated on the basis of the actual number of days from 16 August to the maturity of the relevant bill.

4. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.

5. Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.

6. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with Euro-clear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Friday, 16 August 1991 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 1,000,000, ECU 5,000,000 and ECU 10,000,000 nominal.

7. Her Majesty's Treasury reserve the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the Information Memorandum. All tenders will be subject to the provisions of that Information Memorandum (as supplemented).

9. The ECU 50 million of Bills to be allotted directly to the Bank of England will be for maturity on 13 February 1992. These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum (as supplemented) in order to facilitate settlement.

10. Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1968 as amended.

Bank of England
6 August 1991

NEWS DIGEST

Aitken Hume tops £3m

WITHOUT exceptional charges this time, Aitken Hume International lifted pre-tax profits from £2.31m to £3.01m for the year ended March 31 1991.

It was a difficult year, directors said, but overheads were reduced by 34 per cent, reflecting the first full year benefit of reorganisation.

Last year the group provided £1.66m in fully writing off a managed investment.

Banking profits fell to £634,000 (£1.39m) as a small fall in UK business was exacerbated by a higher provision for bad and doubtful debts.

Financial services in the Channel Islands continued to make satisfactory progress, and profit rose to £1.74m (£1.4m). Funds managed in the US saw profits fall to £1.3m (£1.97m).

Earnings rose to 3.01p (1.54p). The final dividend is 0.5p to hold the total at 1p.

Metal Bulletin down to £585,000

Mixed trading in the first half of 1991 saw Metal Bulletin finish with pre-tax profits of £585,000, against £604,000.

Mr Trevor Tarring, chairman of this publisher of trade journals, surveys and directories, said the opening two months were strongly affected by uncertainties associated with the Gulf war.

Turnover rose to £5.44m (£5.09m). Earnings were 4.2p (4.4p) and the interim dividend is again 2.4p.

Sumit asset value and profit behind

Sumit has seen a further fall in asset value, a drop in half year income and is passing the interim dividend. At the end of June net asset value was 114p, against 141p six months earlier and 208p a year before.

The valuation, according to Mr Simon Sharp, chairman, reflected the difficulties in the current economic climate.

Earnings fall to 1.1p, against 3.4p last time, when there was an interim dividend of 2p. The company said it was difficult to forecast whether the year's earnings would justify a final (3.8p). Gross revenue fell to £451,000 (£738,000).

TR Pacific asset value recovers

Net asset value of TR Pacific Investment recovered by June 30 1991 to 92.7p, against 66.2p six months earlier and 95.6p a year before.

Earnings for the half year doubled to 0.663p (0.325p), from total revenue of £1.21m (£1.07m).

Asset value ahead at Practical Investment

Net asset value per share improved at Practical Investment Company to 128.36p at May 31 compared with 120.69p a year earlier.

Net revenue for the year rose from £820,695 to £936,441 for earnings per share of 4.68p (4.1p). The total dividend payout is lifted to 3.975p (3.5p) via a second interim of 1.965p (1.49p) and an unchanged special payment of 1.01p.

Tax took £445,366 (£380,826).

Trustee fees boost Law Debenture

Law Debenture Corporation, an investment trust, saw net asset value improve from 363.4p to 426p over the six months to June 30.

In the first half of 1991 net profit improved to £1.82m (£1.76m) helped by an increase in trustee fees. Earnings per share came out at 7.98p (7.72p) and the interim dividend is raised from 5.75p to 6p.

Net asset rise at Scottish and Merc

Scottish and Mercantile Investment Trust achieved a marginal advance in net asset value from 110.3p to 110.8p at the year ended March 31.

Net revenue for the year was £734,000 (£930,000). A final dividend of 1.65p (2.28p) is proposed for a total of 2.85p (3.48p) from earnings per share down at 2.9p (3.6p).

BOARD MEETINGS

TODAY

Interims- Ansbacher (H), Brabant Resources, Commercial Union, Conroy Petroleum, GKN, Heywood Williams, Relyon, Rotork, Simon Engineering, Standard Chartered, Wickes.
Finals- Beales Hunter, Mid Wynd Intl Inv, Property Security, Resort Hotels, Zetters.

FUTURE DATES

Interims-

Braime (T.F.&J.H)	Aug. 28
British Gas	Nov. 21
CMW	Aug. 8
Courtaulds Textiles	Sep. 5
EFT	Aug. 19
Epwin	Aug. 19
Hambro Countrywide	Sep. 3
Hickson Intl	Aug. 15
Nichols (JN) (Vimto)	Aug. 14
North Midland Construct	Aug. 14
Scottish Eastern Inv Tst	Aug. 20
Wimpey (George)	Sep. 4

Finals-

Black (Peter)	Sep. 2
Crown Eyeglass	Aug. 8
Saville Gordon (J)	Aug. 9

UK COMPANY NEWS

Bad debts push NatWest down 75% to £101m

By David Lascelles, Banking Editor

NATWEST emerged yesterday as the UK clearing bank worst hit by the recession.

Its interim results included provisions for bad debts of £902m, the largest amount set aside by any of the Big Four during the half-year reporting season.

This pushed profits down 75 per cent and caused the bank to leave its dividend unchanged at 6.125p.

Lord Alexander, chairman, described the impact of the provisions as "severe". But, he went on: "the underlying performance of the core businesses is strong and we continue to take steps to ensure that the group emerges from the current recession strongly placed to grasp new opportunities".

Operating profits rose 14 per cent, but provisions reduced profit before tax to £101m, down from £431m in last year's first half.

This was equivalent to earnings per share of 5p, compared to 17p.

The worst hit areas of operation were NatWest's traditional UK banking business, as well as its businesses in the US and Australia.

Of the total domestic provisions of £670m, 35 per cent were for personal customers and 65 per cent for commercial.

About two thirds were for amounts less than £250,000, and the majority were for bad debts in the south east of the country.

UK financial services, which covers NatWest's core operations in the UK, earned £49m, down from £372m. The bad debt charge rose from £236m to £443m.

Specialist operations such as mortgage lending and insurance services were profitable, but Lombard North Central, the finance house subsidiary, lost £1.4m.

Corporate and institutional banking raised profits from £89m to £249m, helped by a reduction in bad debts, and the release of £47m of Third World provisions made earlier. Group treasury and capital markets, as well as corporate and institutional finance, showed an improvement.

The international businesses had a difficult half year, reporting a loss of £197m after bad debt provisions of £295m.

The largest loss was suffered by NatWest Bancorp, the US arm which has been hit by the property slump. The bank lost £154m before tax. But stern measures have been taken to deal with the problem, and it may return to profit next year.

The European businesses also faced tough market conditions, reporting profits of £18m (£7m), though this remains a key area for expansion.

The Coutts and Co international private banking group, created at the beginning of this year, put in £18m, down from £28m because of bad debts and pressure on margins.

The operation in Australia also made a loss after suffering bad debts of £54m.

Mr Tom Frost, chief executive, stressed that while total income had gone up 11 per cent over the six month period, costs had risen by only 8 per cent.

NatWest had shed 2,600 jobs, helping to reduce the ratio of costs to income by 1.9 percentage points to 68.1 per cent.

The balance sheet grew by 5 per cent to £127.8bn, but the capital base remained strong with a total capital ratio of 9.6 per cent. Lord Alexander said: "We have no plans for a rights issue".

The decision to hold the dividend was because "a careful balance is called for in these difficult trading conditions."

NatWest was pursuing a three tier strategy, Lord Alexander added. This aimed to build the core UK business, extend the home market into Europe as the single market developed, and ensure that the US operation was in a position to benefit from the economic upturn when it came.

See Lex

Trevor Humphries

Lord Alexander, left, and Tom Frost: emphasising the strength of the underlying performance of the core businesses and looking forward to the end of the recession

Reduced costs help Investment Bank recover to break even

By Richard Waters

NATWEST Investment Bank recovered from a hefty loss made in the second half of 1990, but still failed to provide NatWest with a return on the £400m capital it has in the bank.

NWIB, parent of County NatWest, broke even in the first six months of this year, after £7m of provisions against bad debts and £2m of restructuring costs.

Lord Alexander, NatWest chairman, called the result extremely encouraging after the previous year. During 1990, a £5m first-half loss became a loss of £63m for the year.

This year's performance was the result of buoyant equity markets and sharp cost-cutting, particularly in the Far East. Lord Alexander said that the equity business had met or exceeded all its key targets.

When announcing the 1990 results, he had caused consternation at the bank when he said that NWIB had two years to show a profit on its securities business or face closure.

Hints that NWIB had to show an acceptable return continued yesterday. Mr Tom Frost, NatWest chief executive, said that if any parts of the group failed to show "acceptable levels of profitability . . . within a reasonable period, then, clearly, alternative options will need to be pursued".

NWIB's performance in the first six months is not directly comparable to that of rival Barclays de Zoete Wedd, which employs the same amount of capital but showed a pre-tax profit of £40m.

BZW handles the capital market activities for the Barclays group, while at NatWest these activities have recently been regrouped in the parent bank. NatWest does not report the results for these activities separately, but they are said to have moved strongly into profit at the end of last year, having recovered from losses of £50m three years ago.

Family will lose control after Oliver share move

By Clare Pearson

OLIVER GROUP, the footwear retailer, yesterday announced plans to enfranchise its non-voting A shares, a move which ends the control of the Oliver family and the board.

The plan to enfranchise the A shares – 63.7 per cent of those in issue – left the price 11p up at 110p. Mr Ian Oliver, chairman, said the current structure was "something out of the past" and likely to deter institutions from investing in the company.

The A shares are to be consolidated with the ordinary shares, holders of which are to receive a 1-for-2 compensatory scrip issue of 3.89m shares.

After the changes, holdings connected with directors and the Oliver family will represent 40 per cent of the total shares. Currently, they account for 60 per cent of the ordinary and 22.3 per cent of the A shares.

The statement accompanied news of increased interim losses of £5.2m, against £1.37m last time.

Mr Oliver said the trading loss of £3.85m was double the budgeted amount. He blamed rent reviews, which he said were being set at abnormally high levels, for exacerbating the company's problems.

Cuts in staffing and general expenditure and stock reduction should improve the footwear shops' performance in the second half, he said. The picture framing division had been trading close to budget.

Turnover amounted to £36.8m (£44.2m). There was a £165,000 loss on property disposals (£323,000 profit) and interest charges took £1.18m (£1.23m). Losses per share were 21.36p (4.27p).

Oceana buys further 1.74% of Etam

Oceana Investment Corporation, the South African-controlled retail group involved in a £121m hostile bid for Etam, the fashion retailer, has acquired extra shares amounting to 1.74 per cent of its target through recent purchases in the market.

The additional shares take Oceana's total holding in Etam to 31.89 per cent, while it has acceptances covering 1.46 per cent.

The purchases were made under an arrangement whereby Panmure Gordon, the stockbroker, stood ready to buy shares for cash settlement. The facility closed on Monday.

Etam said yesterday the result showed Oceana could serve "no useful or positive purpose" through carrying on with the offer.

The second closing date for the offer is next Monday.

Hardanger asset purchase talks fail

Hardanger Properties has announced that talks with a prospective purchaser of group assets have collapsed.

But directors said the board was pursuing an alternative proposal to secure the company's solvency.

Mr Derek Coombs, chairman, said last month that the group was close to a deal which would involve a substantial company taking title to all properties over which its main bankers, Barclays, have security. The shares remain suspended at 65p.

Fraud investigation at failed Arrows trade finance group

By Richard Gourlay

THE SERIOUS Fraud Office said yesterday that it was investigating Arrows, the private trade finance company which went into liquidation last week owing its banks £125m.

Mr John Warren, the Ernst & Young receiver for 86 companies associated with Arrows, said that the Cheshire-based company appeared to have invested most of the borrowed money in single-purpose property companies also headed by Mr Mohammed Naviede, Arrows' chairman and owner.

The property investments began some years ago, unknown to NMB Postbank of the Netherlands which called in Ernst & Young last week to wind up the Naviede empire.

Many of the properties were leased to leading national supermarket chains, Mr Warren said. Among Arrow's lessors are the Safeway and Gateway chains, which means there are leases of substantial value to the receivers.

One of the companies connected with Arrows and now in receivership owned a McDonnell Douglas helicopter and a Citation executive jet.

In June Mr Naviede flew the Citation around the world in 80 hours, raising to date £11,000 for the Hearts for Kids fund of Great Ormond Street Childrens Hospital from corporate and private sponsors.

The appointment of Ernst & Young has abruptly halted a lavish lifestyle that drew Mr Naviede together with media and TV personalities.

Often these contacts were made when Arrows or Mr Naviede himself were making generous donations to charities like Barnardos and the Hearts for Kids fund.

Mr Naviede sponsored the Young Company of the Year award which some bankers suspected supplied Mr Naviede with a calling list for his stock finance business.

In 1989 the Virgin Group won the competition which in two years has raised more than £50,000 for Barnardos. The 10 finalists in 1989 were taken to Nice for the award in a specially chartered Concorde.

Mohammed Naviede: had lavish lifestyle

Furthermore, Arrows appears to have been involved in little stock financing, an unusual mechanism whereby a company that had exhausted its overdraft facilities could sell its stock and immediately buy it back from Arrows with 90 days credit.

Because this stock financing appears to have been relatively limited, the knock-on effect for small businesses that might have depended on this form of last resort financing will also be limited.

One of the two companies that Arrows praised in a glossy brochure as examples of successful companies it had helped went into administrative receivership a year later after Arrows withdrew its facilities. The other went into liquidation last year owing Arrows money.

One of Mr Naviede's four brothers, Mr Parvede Naviede, owns Litelife, a property company unconnected with any of the Arrows companies.

Mr Parvede Naviede owns the only one of Arrows' 16m shares not held by Mr Mohammed Naviede.

Last year, MBM Postbank tried to put together a syndicate to raise £30m more debt for Arrows but failed when the market for medium-sized syndications evaporated.

3i buys 9.4% of Laser-Scan

By Peggy Hollinger

INVESTMENT capital group 3i has taken a 9.4 per cent stake in Laser-Scan, the USM-quoted geographical information systems group, for an undisclosed amount.

3i bought its stake from Tower Group, which went into receivership earlier this year. Receivers of British & Commonwealth, the financial services group which collapsed last year, hold 42 per cent of the company.

Laser-Scan welcomed the news as a "positive event". Growth had been hindered by an unstable shareholder base, said Mr Mike Jackson, chief executive. The uncertainty surrounding two of his group's main shareholders had been "used to advantage by competitors", he claimed.

Mr Rob Lucas, senior controller of 3i East Anglia, said: "Although 3i is better known for its support of young and growing unquoted companies, this investment is a good example of how investment capital can be used to support any company that has limited access to the capital markets."

In 1990 Laser-Scan made pre-tax profits of £828,000 on turnover of £7.3m.

BZW appointed as third broker in BT shares sale

By Clare Pearson

Barclays de Zoete Wedd, which lead-managed the recent privatisation of the Scottish electricity companies, is to be third lead broker along with SG Warburg and Cazenove for the UK part of the government's planned sale of shares in British Telecom.

SG Warburg is the so-called global co-ordinator with overall responsibility for the international sale. Cazenove is company broker to BT. BZW was one of the government's brokers in the original BT flotation in 1984.

The Treasury also revealed yesterday the names of the European regional lead managers to complete the international line-up for the sale.

In Europe, Credit Suisse First Boston is to be responsible for Switzerland; Amro Bank for Belgium, the Netherlands and Luxembourg; Medicopharma for Italy; Dresdner Bank for Germany and Banque Indo-Suez for France.

Last week Daiwa Securities was appointed to lead the sale in Japan, Salomon Brothers in the US and Wood Gundy in Canada.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Admiral ....int	1.5	Oct 4	1.32	-	4.2
Aitken Hume ....fin	0.5	Nov 29	1	1	1
Law Debenture ....int	6	Oct 1	5.75	-	16
Metal Bulletin §........int	2.4†	Oct 4	2.4	-	6.9
NatWest Bank ....int	6.125	Oct 11	6.125	-	17.5
Oliver Gp ....int	1.07	Oct 17	1.07	-	5.82
Practical Invest.........fin	1.965	Oct 15	1.49	3.975‡	3.499‡
Scottish & Merc ....fin	1.65	Sept 5	2.28	2.85	3.48
Sumit ....int	nil	-	2	-	5.8

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Includes special dividend of 1.01p.

MANAGEMENT

Many women face obstacles as they pursue a corporate career. **Mary Bogan** continues this series by looking at shunted ambitions

Fast tracks and the risk of running into sidings

In the autumn, about 20,000 graduates will join training programmes designed to shape the managers of tomorrow at Britain's biggest and best-known companies.

Women will make up a sizeable proportion of this intake, in some companies accounting for more than half. But where will they be in five or 10 years' time?

If all were playing on an even field, women who made up 50 per cent of graduate recruits on day one would comprise 50 per cent of middle managers by 2001. Past experience, however, suggests that while a few of the female recruits will match, even outflank, their male peers on the corporate climb, many more will disappear from view.

Although companies still argue that pregnancy and childbirth are the only brakes on graduate women's careers, a substantial group of women will leave the company for reasons that have little, if anything, to do with childcare.

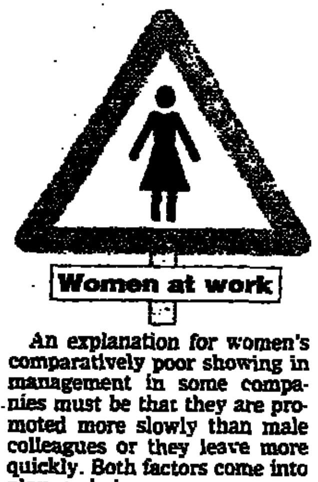
Women have been recruited onto graduate training schemes in increasing numbers since the mid-1970s but, says Wendy Hirsh of the Institute of Manpower Studies, comparatively few have broken into middle or top management.

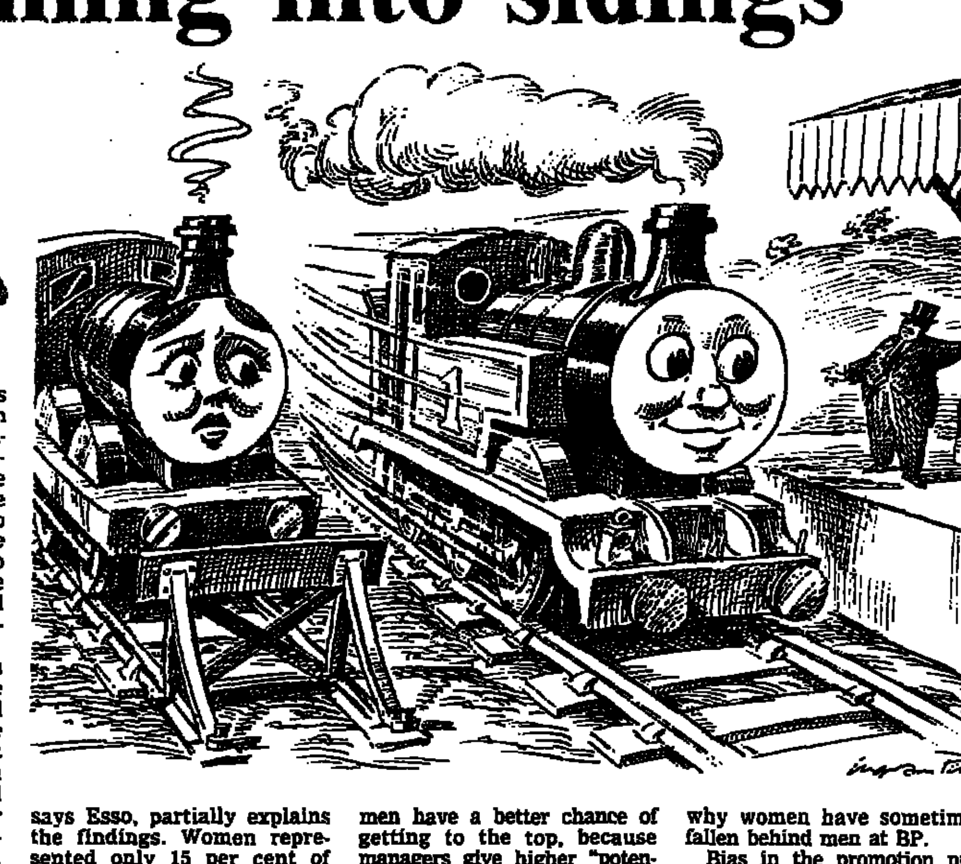
"At IMS, we examine information on companies' management structures regularly and we just do not see women represented in middle management in the proportions you would expect, given the significant numbers recruited in recent years," says Hirsh.

Many of these early recruits do not even appear to be entering junior management positions in substantial numbers, according to the IMS research.

Another continuing study by HELM (Higher Education and Labour Market, a project funded by the Council for National Academic Awards) of 4,000 graduates who took degrees in 1982 confirms that women's career progress lags behind that of men and that the slippage begins soon after graduation – too soon to be blamed on childbirth.

The research demonstrates that just three years after graduation, women had lower status jobs, more limited promotion prospects and earned significantly less than men. Under-representation of women on vocational courses like engineering and technology partly explains the findings but, HELM concludes, women graduates are less successful than men, regardless of the academic course followed.





An explanation for women's comparatively poor showing in management in some companies must be that they are promoted more slowly than male colleagues or they leave more quickly. Both factors come into play and, in many cases, are linked. Attributing causes to either issue is not easy. Despite the high cost of recruiting and training graduates, few companies track recruits' progress.

The Civil Service has been tracking and monitoring the career progression of male and female employees since the early 1980s. It has found that even when men and women start their careers on an equal footing, women make slower progress than men. For example, of the men and women who in 1972 joined the Civil Service fast stream – a scheme for potential high-flyers – and stayed, 27 men (half the male intake) – but only two women (14 per cent) - had become Assistant Secretaries by 1987.

In the mid-1980s Esso also undertook a comparative study of the career progress made by male and female graduates. "In every case the women were several salary groups behind the men," one Esso manager reported recently in a document produced by the Policy Studies Institute on women in engineering.

"That was the first time a lot of the senior managers saw that it (discrimination) does exist and that it is something we have to be aware of," the manager said in Esso's report.

The small pool of female talent available for promotion, says Esso, partially explains the findings. Women represented only 15 per cent of Esso's graduate recruits in the early 1980s against nearly 50 per cent in 1989 and the pool contracts even further given an attrition rate for women that is noticeably higher than for men. But that's not the whole story.

One feature to emerge from Esso's research is that although men and women start their careers equally well, men pull ahead as early as the supervisory and junior management stage when candidates are probably still in their mid or late twenties.

BP, too, has noticed a tendency for women graduates to make slower career progress than their male peers – a phenomenon that has sparked off searching internal enquiries.

Where graduate women excel at BP, they do so quickly, hitting the senior corporate grade earlier than men. But men have a better chance of getting to the top, because managers give higher "potential ratings" to men than women. Why? According to Vicky Wisher of BP's human resources division, women's relatively poor potential ratings can be partly explained by the difficulty managers (usually men) have in assessing people they are unfamiliar with (usually women).

"When managers assess unfamiliar people – people who look or behave differently from what managers are used to – they give ratings which tend to occupy the middle ground: not very good on this, quite good on that. But when they assess people they know, their comments span a broader range, marking candidates excellent for some things, poor for others," says Wisher.

Because ratings of potential are an important factor in the decision to promote people, this could well help to explain why women have sometimes fallen behind men at BP.

Bias in the promotion process can appear in many guises. A senior woman bank director was quoted in a recent study, for example, as saying that although women now found it easier to be selected for the bank's management development programmes and to find workshadowing – understudying a senior colleague – experience, their shadowing experience was often less valuable than that of men.

"She noticed that senior men in the bank often chose junior men, rather than women, to shadow them," says Lily Segerman-Peck, who carries out research on women in management for commercial organisations. "They simply feel more comfortable working with, and mentoring, younger men and are more at ease giving them a critical assessment of their performance."

Reports of high wastage rates for women, including graduates, are widespread in industry. Some women leave to have children, some to follow a partner's career, while some reject the demands that management careers put on personal relationships and family life.

But if all these pressures from outside the workplace were removed tomorrow, would women stay put? When BP asked women why they left the company, in an attempt to explain a wastage rate which is twice that for men, none of these issues was the main bone of contention.

The single most important reason young women gave for leaving the company was dissatisfaction with their career potential in BP. Admittedly, some women may have judged that future plans to have a family were incompatible with a career in BP but the main focus of attention was career development.

BP's experience is not an isolated one. A study conducted in 1986 of all women graduates who had left the National Health Service since the 1950s found that a third had done so because they were dissatisfied with their prospects within the service.

What both cases suggest is that many women do not think family concerns are the only brake, or even the main brake on their careers. The reason why many women leave companies is that they feel their promotion prospects are poor and the way ahead is blocked.

At BP, efforts to restore balance into the promotion process are continuing with a series of initiatives which includes a reworking of the ratings system, conducting exit interviews with women who leave and equal opportunities training for managers.

But many companies have yet to grapple with in-house attitudes and workplace procedures that stunt the growth of their most talented women and send them running for the front door. "Companies seem to think that once they've got good women in, they've finished the job.

"But getting women through the front door won't get them onto the board," says Hirsh. "A whole series of interlinking factors slows women's progress into management at all levels – and they are not all to do with family life."

This article is part of a regular Management Page series devoted to women in business. The most recent on the subject appeared on July 3.

Business courses

Effective customer account management. September 9-11. London. Fee: £755 + VAT. Further inquiries: The Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 081-871 2546. Fax: 081-871 3866

The tax effective management of an international treasury. September 19-20. London. Fee: £525 + VAT. Further enquiries: Cindy Elliot-West or Lindy Bird, IBC Financial Focus, 57/61 Mortimer Street, London W1N 7TD. Tel: 071-637 4383. Fax: 071-323 4298.

Implementing total quality. September 24-26. Berkshire. Fee: £705 + VAT. Further inquiries: David Hutchins Associates, 13/14 Hermitage Parade, High Street, Ascot, Berkshire SL5 7HE. Tel: (0344) 28712. Fax: (0344) 25968.

Venture Forum Europe '91. October 2-4. London. Fee: £763.75 inc VAT. Further inquiries: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071- 925 2323. Fax: 071-925 2125.

The challenge of the new Europe. October 7. London. Fee: £399.50 inc VAT. Further inquiries: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323. Fax: 071-925 2125.

Financial reporting in the UK. October 10. London. Fee: £320 + VAT. Further inquiries: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4UJ. Tel 071-925 2323. Fax:071-925 2125.

Negotiating computer contracts. October 21-22. London. £595 + VAT. Further inquiries: The Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 081-871 2546. Fax: 081-871 3866.

Stress management. November 11-12. London. Fee: £595 + VAT. Further enguiries: Monadnock International, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 081-871 2546. Fax:081-871 3866.

Using personal computers for today's project management. November 27-28. London. Fee: £595 + VAT. Further inquiries: The Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 081-871 2546. Fax: 081-871 3866.

The management of design. December 4-5. Berkshire. Fee: £460 + VAT. Further inquiries: David Hutchins Associates, 13/14 Hermitage Parade, High Street, Ascot, Berkshire SL5 7HE. Tel: (0344) 28712. Fax: (0344) 25968.

Management abstracts

R&D expenditure and the analysts' view. *A Goodacre in Accountancy (UK), Apr 91 (2 pages)*

Presents the results of a research study into the reaction of city analysts to the different treatments of research and development expenditure (expense v capitalisation). Concludes that they do not appear to prejudice analysts' valuation of companies.

Let's hear it for inertia. *G Newman in Across the Board (US), Mar 91, (2 pages)*

Contends that there are too many cases in business of excessive change and change for its own sake, and says that executives push change not for the benefit of the company but for their own career advancement. Claims that the benefits of change are often overestimated and its costs underestimated.

Corporate identity: do we have it all wrong? *W Olins in Across the Board (US), Apr 91 (6 pages)*

The founding partner of the London-based design consultancy Wolff-Olins answers questions about his recent book on corporate identity, particularly about comparisons between practices in the US, UK and continental Europe.

Pay for performance for middle managers. *G P Baker in Journal of Applied Corporate Finance (US), Autumn 90 (12 pages)*

Examines the increasing use of pay-for-performance systems by US companies in preference to promotion-based incentive schemes. Sets out guidelines on when to use such systems.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5.75 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.

BUSINESS AND THE ENVIRONMENT

Nuclear waste in for a clean-up

The crust of crystals on the surface of highly radioactive effluent from the US nuclear industry swells up and bursts at intervals, relieving the pressure of hydrogen gas released in the liquor beneath. But suppose that crust allows pressure to rise to a dangerously explosive level?

That is just one of a thousand environmental problems faced by Leo Duffy, director of the US Department of Energy's new office of environmental restoration and waste management. His job is to clean up the legacy of pollution and waste left by 45 years of nuclear weapon development and manufacture in the US.

"We have an enormous problem," Duffy acknowledged at British Nuclear Forum's recent annual conference in London. From the war-time Manhattan Project onwards, the desire for progress surpassed any enthusiasm for cleanliness.

Belatedly, the US government has decided the mess must be tackled. It has allocated an annual budget of $5bn (£2.9bn) and Duffy has set a target date of 2005. The clean-up will require new technology and Duffy has earmarked 10 per cent of the budget for R&D. The effort also aims to cut to one-fifth the amount of radioactive wastes – 5,000-10,000 tonnes a year – generated in future.

Among Duffy's inventory of problems are 385,000 cubic metres of highly corrosive effluent from the reprocessing operations at Hanford and Savannah River where plutonium is purified. He has found 169 tanks at Hanford alone, single-walled and designed for a 25-year life. Some are now leaking into the desert.

He has logged nearly 2.5m cubic metres of solid waste of low radioactivity. In one case, some 35,000 acres of Tennessee near the Oak Ridge National Laboratory are contaminated with this refuse.

Not all his problems are radioactive, however. The industry has discharged about 500 tonnes of mercury into the ground; and toxic PCBs, once widely used as electrical insulating materials, have been found to have penetrated as deep as 275 feet. "It's very difficult to see how we got here," Duffy reflects.

But he claims to have found situations that are still worse in the Soviet Union, including a lake in which the Soviets simply dumped highly radioactive reprocessing effluent during the 1950s, before they started to follow the west's example of storing it.

Duffy believes he will need international help in developing new technology to tackle the problems. He has paid several visits to British Nuclear Fuels's factory at Sellafield, which was highly criticised for a succession of radioactive leaks and alarms in the 1970s. BNFL has spent about £4.5bn rebuilding Sellafield so that it discharges almost no radioactivity today.

Duffy has been encouraging US state governors with their own radioactive waste problems to visit Sellafield to see what can be achieved with a combination of cash and innovation.

Nations have been sharing data on these problems but not participating in joint strategic development programmes, says Duffy. He believes this must now be the aim, in order to clean up both his own and the Soviet nuclear environments.

He has also begun to buy specific technologies, working through US engineering contractors which are encouraged to collaborate with BNFL.

Bill Wilkinson, BNFL's deputy chief executive, says the company has never experienced the US's highly radioactive effluent problem. It has never had a leaky storage vessel, for example, and its chemistry avoids any crust. But the means are now available to find out what is happening in the vessels, Wilkinson says.

Duffy stresses that there is a huge US requirement for better methods of characterising these pollution and contamination problems, using radar, magnetic and other novel "non-invasive" techniques. "The records of the past are extremely poor."

With a US contract worth several million pounds already landed through its US subsidiary, BNFL Inc, Wilkinson believes his company could recoup some of its Sellafield investment with substantial exports of nuclear technology to the US.

David Fishlock

Michael Kenward explores ways to stop hydrocarbon emissions from reaching the atmosphere

Catching the elusive vapour

The fuel chain, from oil refinery to a car's exhaust pipe, accounts for around 4m tonnes of hydrocarbons that end up in the air in western Europe every year. This is around 40 per cent of all man-made hydrocarbon emissions that escape into the atmosphere.

Add sunlight to hydrocarbon vapour and nitrogen oxide, another gas belched out of car exhausts, and the result is photochemical smog. Hydrocarbons are also greenhouse gases, which explains the moves in recent years to tame these particular pollutants.

Oil companies and car makers employ increasingly sophisticated technology to capture ever more vapour at different parts of the fuel chain. However, the longer-term answer to vapour control could be a complete redesign of the storage tanks and the tankers that transport petrol from refinery to service station. Car makers may also find themselves redesigning fuel tanks to reduce vapour releases.

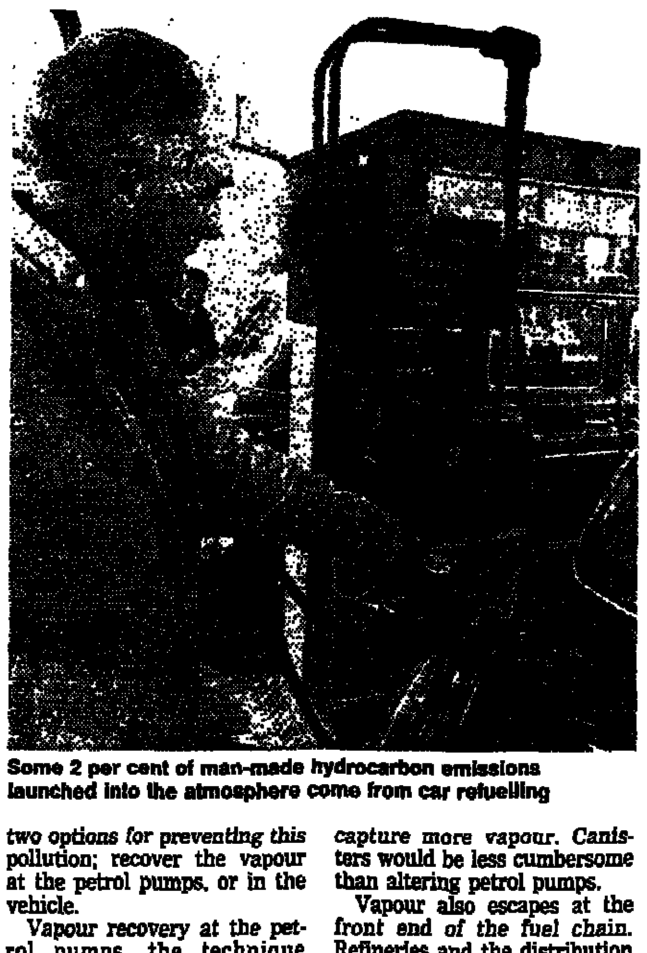
Car exhausts, the largest of the oil industry's contributions to emissions, account for 25 per cent of all hydrocarbons released into the air. Catalytic converters will stop much of this pollution.

Not only does the exhaust catalyst deal with carbon monoxide and nitrogen oxides in engine exhausts by converting them into safer gases, it also turns unburnt hydrocarbons into less harmful products, water vapour and carbon dioxide. Following a Brussels directive, all new cars sold in the European Community from 1992 will have to carry a catalytic converter.

The next link in the automobile vapour chain is petrol evaporating from a car's fuel system before it reaches the engine. These losses account for 10 per cent of all hydrocarbon emissions. Brussels is also developing a directive requiring another add-on to cars to reduce vapour losses – the carbon canister.

A small container of carbon in the fuel system can, with the appropriate pipework, trap most of the petrol that evaporates. The vapour "sticks" to carbon particles. When the engine is running, it sucks vapour out of the trap and back into the fuel system.

The next stage of vapour loss is the link between petrol pump and fuel tank. The haze which you see when refuelling your car in hot weather makes up 2 per cent of the man-made hydrocarbon vapour launched into the atmosphere. There are



Some 2 per cent of man-made hydrocarbon emissions launched into the atmosphere come from car refuelling

two options for preventing this pollution; recover the vapour at the petrol pumps, or in the vehicle.

Vapour recovery at the petrol pumps, the technique adopted in California, would involve modifying pumps at Britain's 22,000 petrol stations. Car makers favour this solution rather than further modification to vehicles.

On the other hand, the oil industry, through its health and environment organisation, advocates fitting a larger carbon canister to every car. It argues that such a trap would capture more vapour. Canisters would be less cumbersome than altering petrol pumps.

Vapour also escapes at the front end of the fuel chain. Refineries and the distribution network that delivers fuel to the petrol stations each account for 3 per cent of man-made hydrocarbon emissions in western Europe.

To prevent losses at refineries, oil companies are fitting double seals in the floating-roof tanks used to store petrol. Bryn Fennel, manager of Esso UK's downstream processing department, says that double seals reduce vapour losses by 95 per cent.

When it comes to petrol distribution, new road tankers are filled and emptied from the bottom. With no escape route open into the air, vapour stays in the space above the fuel in the tanker. Distribution terminals recover this vapour when the tanker returns.

In recent years Esso has spent around £6m on vapour recovery systems. However, Fennel says that this investment has paid for itself, with petrol savings amounting to 70,000 gallons a month.

A more imaginative answer may be to engineer vapour out of the fuel system. This approach is championed by Ed Karkalik, technical development manager at BP's Oil Distribution Development Centre.

Karkalik points out that vapour forms when a volatile liquid sits in a tanker with an empty space above it. Eliminate the space and the vapour has nowhere to form. The answer, he says, is to use inflatable bags wherever fuel is held. Like a balloon filled with air, the container changes its volume to accommodate the amount of fuel it holds.

BP is developing the technology for large tanks at its Sunbury Research Centre. After looking at thousands of materials and shapes for containers, BP's research group has narrowed the choice to two designs based on six materials.

The material has to satisfy a number of criteria. As well as being leakproof and flexible, the liner must have the right electrical properties, for example. If a static charge built up on the material it could generate a spark that could set fire to a tankerful of petrol. One answer is to coat the material with a thin metal layer that will conduct away any electrical charge.

As well as testing the materials, the researchers will check that they can detect leaks from liners. Karkalik sees leak detection as a critical element in the programme. BP is working with instrument makers to devise equipment that can detect leaks beneath storage tanks, for example.

BP expects to spend some $875,000 (£500,000) on the project this year. However, Karkalik believes that the whole of the oil industry should become involved as the project progresses. And as the cost rises, he expects to seek funds for R&D from the EC. BP is discussing the idea with other oil companies and hopes to sign a number of agreements before the end of the year.

Reckitt's cleaners cut the mustard

Sea lions, dolphins and whales are being summoned to help sell a new range of green household cleaners from the makers of some of the oldest, such as Harpic, Dettol and Brasso.

Reckitt & Colman's launch this month in the UK of five cleaning products in the "Down to Earth" range highlights the difficulties of making and marketing cleaners that "respect" the environment. "This was much more complex than a normal launch and far more demanding on resources," says Reckitt's Peter Maydon.

The once rather dull business of selling concoctions to clean the lavatory and remove stains from clothing has become fraught with technical and ethical dangers. Every aspect of the Down to Earth range, from its various formulations to its marketing, created practical, moral and environmental problems.

For example, there is a danger that the commercial use of images of whales and dolphins normally associated with environmental groups – to be seen on television screens and posters as part of a £6m advertising campaign starting in October – could insult potential buyers who are wary of the commercialisation of animals. Opinion was sought from leading conservationists and the animals were retained. Donations were also made to a wetlands project run by the Wildlife Trusts Partnership.

The state of the market remained a big concern. Recession has tempered the spending power of the once influential green consumer and many buyers have been disillusioned by the quality of environmentally-friendly cleaners.

Furthermore, mainstream products – including those made by Reckitt – have become a little friendlier as manufacturers respond to environmental pressures. This has further diluted the market.

Consequently, supermarkets, which provide the main retail outlet, are hesitant to give valuable shelf space to new products. "One of our most challenging tasks was to persuade the trade to give us the display," says Maydon.

Reckitt has had only limited success. Sainsbury's and Asda first want to see how the range sells in other shops and Gateway has refused because it is about to launch its own brand.

Packaging is also critical to a green success. Liquid Ariel, a well-established detergent, is now available in bottles partly made from recycled plastic. Procter & Gamble, which makes Ariel, has gone to considerable effort to find the material and then design a suitable bottle because recycled packaging is considered a strong sales incentive.

But Reckitt could not find a reliable source of suitable recycled plastic and decided instead to use conventional plastic bottles that are thrown away after use. It has, however, decided to involve itself in a recycling initiative called Recoup.

The eventual success of the range will probably depend on its effectiveness. One of the main selling points of Down to Earth is that the products work as well as traditional brands and much better than existing green cleaners, at no extra cost.

Early green cleaners failed because the formulations excluded ingredients, such as phosphates and bleaches, which aid cleaning but can cause problems when released into the environment.

There is considerable debate, however, about the effect on the environment of certain ingredients, such as optical brighteners and enzymes. All Down to Earth products are phosphate-free. Natural ingredients, such as vinegar, are used in preference to synthetics where possible. But enzymes and some oil-based surfactants are still used in some of the products.

"It's quite difficult to get things right in this area," says Dorothy Mackenzie, a government adviser of eco-labelling and partner at the marketing consultants Dragon International.

"They have taken a pragmatic approach and combined value with environmental performance. This is one of the first major green ranges with good promotional support to be launched by a major branded manufacturer. I think their chances are quite good."

Peter Knight

Scorn poured on claims for magnesium catalyst

By Philip Gawith in Johannesburg

RUSTENBURG Platinum, the world's largest producer of platinum, yesterday poured scorn upon recent claims about the development of a manganese-based catalytic converter that would challenge the dominance of platinum and its sister metals palladium and rhodium in the lucrative car exhaust catalyst sector.

Reacting to recent claims by Mr Francois Cornish, a South African, that he had developed a manganese-based catalytic converter that would reduce noxious car exhaust emissions by 95 per cent, Mr Todd Bruce, marketing director of Rusplats, said numerous "errors of fact" cast serious doubts on his credibility.

He said investigations by Rusplat and two other platinum group metal engineering companies revealed that Massachusetts Institute of Technology had never conferred a doctorate on Mr Cornish, as he has claimed, nor had any other university. He also noted that chemists said the claims made by Mr Cornish's company, Advanced Industrial Research, were a "thermo-dynamic impossibility". Even if this were not the case, calculations suggested that each tank of petrol used by a car fitted with such a convertor would produce 55 kg of carbon.

Rusplats also said it believed the threat posed to platinum by palladium-based autocatalysts had been "greatly exaggerated". Mr Barry Davison, managing director, refused to speculate as to whether recent rumours about alternatives to platinum-based catalysts had been deliberately spread in order to drive down the price.

In spite of the recent heavy fall in the platinum price Mr Bruce said that firm demand for the metal in major markets augured well in the short term. There were encouraging signs of recovery in the US economy and the automobile industry in particular, he said, and orders for platinum and rhodium, both used for exhaust catalysts, in the fourth quarter of 1991 by domestic US automobile manufacturers were "significantly higher than in the previous three quarters". If sustained the consequence of increased unit production and heavier loadings of platinum group metals, to meet tighter emission control standards, would have a "significant impact" on short term demand for platinum, Mr Bruce added.

In Japan, the second largest market for platinum after the US, Mr Bruce said sales in the January-May period by Rusplats' agents were 23 per cent up on the same period last year while net imports into Japan had increased by some 30 per cent over the same period. Platinum demand was spread over the industrial, jewellery and small investment sectors.

One piece of bullish news for the beleaguered platinum market was yesterday's announcement that Impala Platinum, which has taken a controlling stake in Barplats, will be cutting back production drastically at the Crocodile River mine. According to a revised mine plan the targeted level of production will be cut back from 240,000 tonnes per month to a targeted 130,000 tonnes per month in 1996. Between now and then production will actually be substantially below that level.

Researchers deny all knowledge

SOUTH AFRICAN institutions and companies said to be involved in the development of a manganese-based auto-catalyst said they knew nothing about the company making the claims, Reuters reports from Johannesburg.

The Council for Scientific and Industrial Research, which Advanced Industrial Research said had tested the new catalyst, denied any involvement in the project.

"That is not true. We have not been involved in the design, building or testing of this so-called catalyst," said Mr Daan Toerien, the council's executive vice-president. There had been no contact with AIR apart from a phone call "and that is the last we heard from them", he insisted.

"We have done work in a small way in converters in a conventional sense, which use platinum, but have not been involved in manganese," Mr Toerien said, "we are not even considering it."

An official at state armaments company Armscor, which AIR also said was involved with the testing of its converter, said he had no knowledge of the project. "The inquiries I have made have turned up nothing for the moment," he said.

AIR said a number of international institutions, including the CSIR, Armscor, German car-maker Audi, and the US International Energy Commission, had conducted tests on the converter.

The company said the manganese-based unit would cost the end-user $500 compared with the $2,000 that it said a conventional catalyst manufactured from platinum would cost.

Comex probing silver trade

NEW YORK'S Commodity Exchange (Comex) is investigating the execution of a silver trade late last month, reports Reuters.

The trade, involving futures contracts valued at over $4.2m, was executed before the opening bell on July 24, Comex said. The contracts were sold by Morgan Guaranty Trust, a subsidiary of J.P. Morgan and Company, to Mr Paul Tudor Jones, a futures market money manager.

All futures trades are supposed to be executed through open outcry to allow competitive bids and offers. In this case it is alleged that the trade was pre-arranged, which is against exchange rules and federal law.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,640-1,670 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.90-3.20 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 1.40-1.60 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 13.00-13.40 (12.75-13.00).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 75-95 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.30-2.35 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 56-60 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.30-2.55 (2.30-2.50).

URANIUM: Nuexco exchange /value, $ per lb, U_3O_8, 9.05 (same).

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	−625	to 522,300
Copper	+400	to 266,900
Lead	+400	to 85,200
Nickel	+324	to 6,882
Zinc	+4,225	to 125,625
Tin	−120	to 14,695

Indonesia sends shudder through coal market

By Gerard McCloskey

A SPOT contract signed by a Hong Hong power company has sent a shudder through the international coal market. The contract, for two cargoes, would have attracted interest any way, being the first spot sale from Indonesia's newest and largest mine, Kaltim Prima. But it is the extraordinarily low delivered price of US$33 a tonne that has set the competition's eyes watering. Asian price levels are dominated by Australian sales to Japan, which have been set this year at US$39.85, but this is the price at the export port and does not include shipment and insurance costs.

The Kaltim Prima sale to China Light & Power in Hong Kong has been struck on a different heat basis (6,300 kilocalories a kilogram) from that used for Japanese power company purchases from Australia (6,700 kcal/kg). None the less, Kaltim Prima has entered the spot market with a bang.

What makes Kaltim Prima a particularly challenging competitor in the Asian market for both the Australians and South Africans is its close proximity to the big local markets of Japan, Taiwan, Hong Kong and South Korea. The freight rate for the Hong Kong contract was struck at $3.75 a tonne and one to Japan has recently been contracted at US$4.25. These compare with current commercial rates of about $9 a tonne from New South Wales to Japan and from South Africa's Richards Bay to Hong Kong.

There is no likelihood, however that Asian spot prices will collapse to the new $33-a-tonne level. For a start Kaltim Prima has little of the Pinang coal it sold to China Light & Power available and has sold much of its higher quality (7,100 kcal/kg) Prima coal for this year and next.

But the fact remains that the Hong Kong price was struck by what is probably the highest-cost of Indonesia's exceedingly low-cost new mines. If this was not problem enough for the competition, Kaltim Prima's new terminal, capable of loading the largest – Capesize – coal carrying bulkers, is likely to be followed by two further Capesize terminals as well as a series of slightly smaller, Panamax, terminals. The ability to load Capesize vessels brings the big European market within reach of the Indonesian mines and it is no surprise that the first Capesize loading from Kaltim Prima will be a cargo for GKE, The Netherlands' power stations' coal buyer.

Indonesia's competitors can take some comfort from the fact that three characteristics of Indonesian coal, its hardness (not true of Kaltim Prima but of all its other coals), its high volatility and its high moisture, do not suit all buyers' power and preparation plant.

In addition, they believe the world market is set for another burst of expansion.

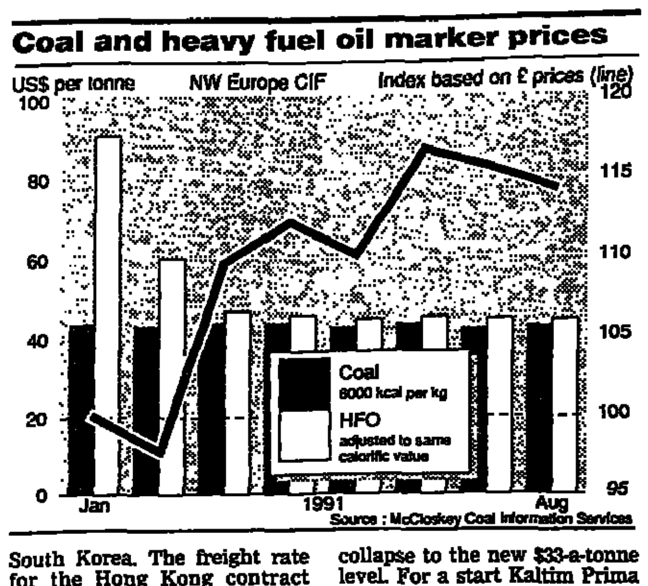
The European spot market appears about to undergo a shift. For much of this year it has been dominated by low-priced US steam coal and, particularly recently, a return of Soviet coal to full availability.

However, the US coal price, with a recovery of the domestic market, has risen $3 a tonne very recently to $36 a tonne, fob the US Gulf. Buyers in Germany and, most particularly, France are waiting to see not just at what price, but from what country responses arrive in reply to their recent enquiries for large tonnages.

Although changing ocean freight rates and fob prices and availabilities have shifted through the year, the North Europe MCIS spot marker price has moved within a comparatively narrow band since its launch in January this year. This marker, for steam coal of 1 per cent sulphur or less, is from all exporting countries adjusted in price to match a standard 6,000 kcal/kg heat value and weighted for all steam coal deliveries from the countries concerned. It hit a low of $42.40 cif in July from a peak of $43.58 in June. The August price is $43.11.

In contrast with the relative stability of the coal marker, the Rotterdam price for heavy fuel oil – sometimes seen as coal's competitor fuel – has crashed from $138 in January to $67 this week.

Coal and heavy fuel oil marker prices



Source : McCloskey Coal Information Services

Indian mine fires keep right on burning

Kunal Bose on a problem that started in 1916 and is getting bigger all the time

FIRES IN coal mines are relatively common occurrences, but the ones burning in the Jharia coal belt in Bihar, northern India, are exceptional in their size and ferocity. Even two decades after nationalisation, which put a stop to indiscriminate mining, as many as 65 fires are raging in the coalfield.

The environment at Jharia has become highly polluted. While poisonous gases like carbon monoxide and oxides of sulphur and nitrogen are discharged continuously into the air, large-scale opencast mining, resorted to mainly because of fire in the seams and production of soft coke, have caused dangerous levels of suspended particulate matter.

The primitive mining techniques of the old days left ideal conditions for fire

The extent and intensity of the Jharia fires have put them beyond the scope of existing importable technology, so methods of combating the menace, depending on the nature of the fire, have had to be developed mostly through indigenous efforts. Officials of the government-owned Coal India readily admit, however, that they have drawn on the experience of foreign mining companies.

The Jharia coalfield has an estimated reserve of 17bn tonnes of coal, including 10.2bn tonnes of coking coal. But because of the raging fires some 1.86bn tonnes, spread over an area of 17.32 sq km, cannot be reached, according to Mr M.P. Narayanan, chairman of Coal India. Experts point out that by controlling the fires it should be possible to recover as much as 1.56bn tonnes of coal, or 84 per cent of the locked-up reserve, which is valued in total at Rs60bn (£1.7bn).

Combating mine fires is an expensive proposition. But if the problem is not solved the entire coalfield could eventually be lost. The fires will not only devour coal in the same seam but will move down to lower seams. This apart, because of the fires under the surface there have been many cases of subsidence. The entire Jharia township has been declared unsafe and highly polluted.

Coal mining in the area started in 1890 and the first recorded coalfield fire occurred in 1916 at Bhowrah. That fire is still raging. Nearly 60 per cent of the fires, according to Mr Narayanan, have resulted from spontaneous combustion. The slaughter mining of coal in the pre-nationalisation days, which left a large number of crushed pillars, loose coal and hot quarry debris created ideal conditions for fires. Moreover, a number of fires have been caused because of illicit distillation in abandoned mines.

Mr Narayanan says the Jharia fires have already consumed 37m tonnes of coal, which most others believe is a conservative estimate. In the past attempts were made to contain the fires by digging out burning coal and then sprinkling water over the top; cutting trenches to separate burning seams from the unaffected areas; sealing the surface with sand and stowing (filling) water and sand into the fire zones.

But these largely manual methods proved ineffective. Manual trench-cutting, for example, could not keep pace with the progress of fire.

While the success so far in combating the fires has been minimal, the experience gained in the fire-fighting process is being put to good use. High-powered machines will be employed to cut trenches and the open area is to be filled with non-carbonaceous incombustible material. Ordinary hydraulic stowing through boreholes leads to the formation of cones at the bottom, allowing passage of air along the roof, which fans fire. Coal India is now going for the more effective hydropneumatic stowing.

Drawing on the experience of Germany and France, nitrogen gas is being injected in a number of mines to control the existing fires and prevent fresh outbreaks. The pressure swing absorption technique has been employed to separate nitrogen from oxygen by use of carbon molecular sieves.

The Soviets, who are studying ways of extinguishing the fire, have recommended that bore holes be drilled at close intervals from the surface to the floor of the seam on fire. The bore holes will then be treated with high pressure grout to create a cement wall around the fire area. The top will then be suitable capped.

There are hardly any signs of vegetation in the 450 sq km of the coal bearing area. The acidity of the water in the mines is generally satisfactory, but everywhere there is a an upward migration of salt, which discourages the growth of vegetation. Moreover, the soil has been sterilised by the high temperature and progressive lowering of water table.

WORLD COMMODITIES PRICES

MARKET REPORT

SHORT-COVERING after the recent heavy fall to a 5½-year low lifted platinum prices yesterday. The $7.60 rise to $356.35 a troy ounce wiped out Monday's decline and greatly narrowed the discount against gold, although the yellow metals price was also boosted in sympathy with platinum. Dealers had ignored the claims about a magnesium-based autocatalyst threatening platinum's biggest market (see story above). The silver market was also helped a little by platinum's strength. But the cash price remained below the psychologically-important 400 cents level, finishing 2 cents up on the day at 396.50 cents an ounce. At the London Metal Exchange tin was halted in its downward course by reports that Brazil's 17,000-tonne-a-year Bom Futuro mine, where unregulated and unlicensed "garimpeiros" operated, was closed down at the weekend. The cash price closed at $5,670 a tonne, up $7.50 on the day. Copper prices continued the fall which began, somewhat paradoxically just after miners went on strike last week at Chile's state-owned El Teniente mine, the world's second biggest copper producer. Dealers said there was no market impact from yesterday's announcement that talks with one of the eight unions involved had restarted.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.35-6.40u	-0.05
Brent Blend (dated)	$19.35-9.50	+0.75
Brent Blend (Sep)	$19.50-9.55	+0.05
W.T.I (1 pm est)	$21.45-1.50u	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$244-246	
Gas Oil	$185-186	-4
Heavy Fuel Oil	$69-71	
Naphtha	$198-200	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$357.70	−1.35
Silver (per troy oz)♣	396.5c	+2
Platinum (per troy oz)	$356.35	+7.6
Palladium (per troy oz)	$86.50	+2.25
Copper (US Producer)	108.0c	+1.4
Lead (US Producer)	50c	
Tin (Kuala Lumpur market)	15.40r	
Tin (New York)	263c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	105.94p	-0.23*
Sheep (dead weight)†	123.07p	+1.37*
Pigs (live weight)†	62.62p	-2.14*
London daily sugar (raw)	$288.0y	-0.4
London daily sugar (white)	$339.0y	-0.5
Tate and Lyle export price	£279.0	-1.5
Barley (English feed)	£109.0y	
Maize (US No 3 yellow)	£178.5	-0.5
Wheat (US Dark Northern)	£100.5z	
Rubber (Sep)♥	52.50p	-0.5
Rubber (Oct)♥	53.00p	-0.5
Rubber (KL RSS No 1 Sep)	229.5m	+2.5
Coconut oil (Philippines)§	$450q	-20
Palm Oil (Malaysian)§	$347.5u	-10
Copra (Philippines)§	$305z	
Soyabeans (US)	£161.0z	-8
Cotton "A" index	75.0 c	-0.2
Wooltops (64s Super)	370p	

£ a tonne unless otherwise stated. p-pence/kg c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Oct/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Aug ‡-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Oct	214.80	217.80	217.00 211.20
Dec	205.00	212.80	205.00 200.00
Mar	197.00	199.20	198.00 194.20
May	202.00	201.20	200.00 198.60
Aug	200.00	200.00	200.00 197.60
Oct	201.00		200.60 199.60
White	**Close**	**Previous**	**High/Low**
Oct	295.0	293.0	293.5 290.0
Dec	283.0	282.5	281.0 278.5
Mar	280.0	280.0	279.5 277.0
May	280.0	279.7	279.0 278.0
Aug	279.0	279.0	279.0 276.9
Oct	262.5	262.9	259.8

Turnover: Raw 659 (961) lots of 50 tonnes. White 677 (890)
Paris- White (FFr per tonne): Oct 1711

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Sep	19.45	19.53	19.60 19.45
Oct	19.53	19.62	19.67 19.52
Nov	19.61	19.70	19.72 19.60
Dec	19.62	19.69	19.65 19.60
IPE Index	19.54	19.49	19.54

Turnover 20436 (18436)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Aug	183.00	185.50	185.00 182.50
Sep	185.50	187.25	187.00 185.00
Oct	187.25	189.50	189.00 187.00
Nov	189.75	191.50	189.75 189.00
Dec	190.25	191.75	190.50 189.50
Jan	187.50	188.50	188.25 187.50
Feb	183.00	183.50	182.50
Mar	177.00	177.50	176.50
Apr	174.00	174.50	173.50

Turnover 8351 (7321)lots of 100 tonnes

JUTE
C and f Dundee; BTC US$460, BWC US$460, BTD US$435, BWD US$430. C and f Antwerp; BTC US$445, BWC US$440, BTD US$420, BWD US$415.

COTTON
LIVERPOOL - Spot and shipment sales for the week ending 2 August 1991 amounted to 374 tonnes against 93 tonnes in the previous week. Trading was moderate with interest shown mainly in Californian paraguayan and Israeli growths.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Sep	665	669	667 660
Dec	702	703	704 694
Mar	732	733	734 726
May	748	749	750 743
Jul	766	768	765 761
Sep	784	784	784 779
Dec	809	810	808 805
Mar	835	833	834 830
May	851	850	850 846
Jul	866		863 860

Turnover: 7372 (14913) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne) Daily price for Aug 1 861.93 (867.65) 10 day average for Aug 2 820.32 (812.08)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Sep	532	535	536 530
Nov	554	556	557 551
Jan	576	577	578 573
Mar	588	592	592 588

Turnover: 1254 (2304) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 1 Comp. daily 64.06 (63.56). 15 day average 63.75 (63.75)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	98.2	99.4	99.8 98.0

Turnover 160 (86) lots of 20 tonnes

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Oct	132.50		132.50
Dec	135.00	143.00	137.00 135.00

Turnover 55 (150) lots of 20 tonnes

FREIGHT – London FOX $10/Index point

	Close	Previous	High/Low
Aug	1451	1408	1450 1425
Sep	1524	1464	1525 1470
Oct	1605	1568	1607 1558
Jan	1620	1578	1620 1578
Apr	1620		1580
BFI	1436	1436	1436

Turnover 370 (113)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Nov	114.95	115.10	114.95 114.80
Jan	118.30		118.60 118.20
Mar	121.80		121.50
May	124.50		124.80 124.60
Barley	**Close**	**Previous**	**High/Low**
Sep	109.75	109.75	109.80 109.75
Nov	113.75	113.70	113.75 113.70

Turnover: Wheat 88 (67), Barley 43 (133)
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	87.0	87.0	86.5 85.0
Oct	102.0	103.0	100.5 100.0
Nov	102.0	105.0	102.0
Jan	100.0	100.5	100.0

Turnover 27 (19) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Index	137.71	137.94			
Sep	139.50	139.40	139.50	138.90	130
Oct	139.90	139.80	139.90	139.20	135
Dec	139.90	140.20	139.90		85

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 20,051 lots
Cash	1259-60	1256-7		1257-8		
3 months	1291-2	1288-9	1293/1287	1289-90	1292-3	111,269 lots
Copper, Grade A (£ per tonne)						Total daily turnover 14,900 lots
Cash	1302-4	1309-10	1306/1301	1301-1.5		
3 months	1323-4	1327-7.5	1328/1320	1320.5-1.0	1325-6	127,870 lots
Lead (£ per tonne)						Total daily turnover 2,358 lots
Cash	317-9	321-3	319.5	319.25-.75		
3 months	329.5-30	333-3.5	332/329.5	330-0.5	330.5-1	15,440lots
Nickel ($ per tonne)						Total daily turnover 1,738 lots
Cash	8150-70	8170-80	8150	8145-50		
3 months	8130-5	8150-6	8150/8125	8135-40	8150-65	13,819 lots
Tin ($ per tonne)						Total daily turnover 1,799 lots
Cash	5665-75	5660-5	5680/55	5655-60		
3 months	5760-65	5760-70	5770/5745	5745-50	5760-70	7,115lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 9,564 lots
Cash	1061-2	1059-60		1058.5-9		
3 months	1076-6.5	1073-4	1076/1073	1073.5-4	1075-6	28,145 lots

LME Closing £/$ rate:
SPOT: 1.7120 3 months: 1.6913 6 months: 1.6718 9 months: 1.6577

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	357.50-357.90	
Opening	357.10-357.50	
Morning fix	357.20	207.892
Afternoon fix	357.00	208.650
Day's high	357.50-357.90	
Day's low	356.00-356.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.34	6 months	5.21
2 months	5.33	12 months	5.18
3 months	5.27		

Silver fix	p/fine oz	US cts equiv
Spot	230.70	395.85
3 months	236.80	401.30
6 months	242.85	407.40
12 months	255.00	420.35

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	358.00-359.00	209.25-209.75
Maple leaf	366.00-367.00	214.00-214.50
New Sovereign	85.00-88.00	49.75-50.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1200	77	116	2	12
1300	13	52	38	46
1400	0.5	18	125	109
Copper (Grade A)	**Calls**		**Puts**	
2150	106	122	8	52
2250	39	71	41	99
2350	9	36	110	163
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
450	45	95	5	18
500	27	78	12	28
550	14	63	24	36
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
625	82	104		
650	33	57	1	3
675	3	22	21	18
Brent Crude	**Sep**	**Oct**	**Sep**	**Oct**
1900	61		5	21
1950		46	18	38
2000	2			

New York

GOLD 100 troy oz.; $/troy oz

	Close	Previous	High/Low	
Aug	356.7	356.2	357.5	356.5
Sep	358.0	357.6	0	0
Oct	359.7	359.3	360.5	359.5
Dec	363.1	362.7	303.8	362.9
Feb	366.4	366.0	367.1	366.5
Apr	369.5	369.2	0	0
Jun	372.7	3372.6	0	0
Aug	376.0	375.0	376.5	376.5
Oct	379.3	379.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Aug	354.7	352.4	0	0
Oct	358.2	354.4	350.5	356.0
Jan	363.0	359.2	364.5	361.0
Apr	367.0	363.2	369.0	369.0
Jul	370.9	367.1	0	0
Oct	378.9	375.1	0	0
Oct	387.9	387.5	0	0

SILVER 5,000 troy oz, cents/troy oz

	Close	Previous	High/Low	
Aug	394.0	392.1	0	0
Sep	396.0	394.0	398.5	394.0
Oct	398.2	396.2	0	0
Dec	402.7	400.7	405.0	401.0
Jan	404.2	402.2	406.0	404.0
Mar	409.7	407.8	412.5	408.0
May	414.4	412.6	0	0
Jul	419.2	417.4	421.5	419.0
Sep	424.2	422.4	425.0	425.0
Dec	432.3	430.5	432.3	432.3

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	101.00	101.20	101.30	100.80
Sep	100.80	101.45	101.45	100.70
Oct	100.30	101.10	100.90	100.40
Nov	100.05	100.65	0	0
Dec	99.80	100.30	100.40	99.80
Jan	99.35	100.05	0	0
Feb	98.90	99.40	0	0
Mar	98.40	98.90	98.60	98.60
Apr	97.90	98.40	0	0
May	97.40	97.90	97.80	97.80

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	21.36	21.47	21.55	21.35
Oct	21.28	21.41	21.46	21.25
Nov	21.20	21.30	21.35	21.19
Dec	21.10	21.23	21.24	21.10
Jan	21.05	21.09	21.11	21.05
Mar	20.79	20.81	20.83	20.79
May	20.61	20.60	20.59	20.58
Jun	20.53	20.55	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	5920	6006	6000	5900
Oct	6025	6115	6105	6000
Nov	6125	6210	6195	6115
Dec	6220	6300	6295	6190
Jan	6215	6317	6305	6220
Feb	6100	6187	6180	6100
Mar	5860	5927	5925	5835
Apr	5685	5707	5685	5685
Jun	5648	5670	5725	5595

COCOA 10 tonnes,$/tonnes

	Close	Previous	High/Low	
Sep	1082	1089	1114	1068
Dec	1148	1149	1170	1130
Mar	1180	1186	1198	1172
May	1205	1218	1215	1190
Jul	1228	1235	1236	1215
Sep	1250	1260	1256	1239
Dec	1280	1295	1280	1269
Mar	1320	1335	1320	1306
May	1346	1360	1338	1326
Jul	1381	1395	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	82.45	82.90	83.35	82.40
Dec	86.00	86.40	86.80	85.00
Mar	89.20	89.50	89.95	89.10
May	91.25	91.70	91.75	91.25
Jul	93.30	93.75	93.80	93.30
Sep	95.75	96.40	0	0
Dec	98.00	99.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.45	9.56	9.60	9.30
Mar	8.90	8.91	8.92	8.80
May	8.86	8.88	8.88	8.80
Jul	8.88	8.86	8.88	8.81
Oct	8.86	8.80	8.86	8.81

COTTON 50,000, cents/lbs

	Close	Previous	High/Low	
Oct	69.95	69.81	70.70	69.80
Dec	69.92	69.74	70.50	69.60
Mar	71.15	70.95	71.65	70.90
May	71.80	71.75	72.25	71.80
Jul	72.51	72.45	72.80	72.80
Oct	68.85	68.73	69.00	69.00
Dec	68.13	68.05	68.30	68.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	118.40	117.65	119.10	117.85
Nov	117.50	117.65	118.60	117.50
Jan	116.70	116.40	117.20	116.60
Mar	117.15	117.00	117.05	117.05
Jul	117.40	117.25	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug.6	Aug.5	mnth ago	yr ago
1686.4	1700.8	1738.4	1774.9

DOW JONES (Base: Dec. 31 1974 = 100)

	Aug 5	Aug 2	mnth ago	yr ago
Spot	120.04	121.93	-	132.16
Futures	122.86	123.69	-	132.46

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	569/4	591/4	577/4	559/0
Sep	574/6	612/6	582/4	567/0
Nov	583/4	617/4	592/2	574/0
Jan	595/0	627/4	603/0	585/0
Mar	603/0	633/4	611/0	595/0
May	611/0	638/0	616/4	602/0
Jul	613/0	636/0	618/0	604/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	20.92	21.64	21.10	20.50
Sep	21.11	21.76	21.26	20.65
Oct	21.27	21.92	21.30	20.82
Dec	21.62	22.28	21.80	21.20
Jan	21.75	22.42	21.82	21.40
Mar	22.02	22.72	22.25	21.70
May	22.15	22.96	22.24	21.95
Jul	22.32	23.15	22.35	22.20
Sep	22.90	0	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	178.6	186.2	181.5	175.2
Sep	177.0	185.0	180.0	173.6
Oct	177.3	184.7	179.5	172.0
Dec	177.7	185.7	179.6	173.2
Jan	178.0	186.0	179.1	175.0
Mar	179.0	186.5	180.0	175.0
May	178.5	184.5	179.5	176.0
Jul	178.5	185.5	180.0	176.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	252/4	252/2	253/0	244/0
Dec	257/2	258/4	258/0	249/0
Mar	264/2	265/0	264/4	256/0
May	266/6	268/2	266/6	260/0
Jul	269/0	270/2	269/0	262/0
Sep	255/0	258/2	255/0	253/0
Dec	249/6	251/4	250/0	247/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	293/0	290/6	293/0	284/0
Dec	307/0	304/2	307/0	297/4
Mar	312/0	310/0	312/4	304/0
May	308/4	307/4	308/4	302/0
Jul	299/0	299/6	299/0	293/0
Sep	305/4	305/0	305/4	303/6

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	68.50	69.67	69.50	68.40
Oct	71.62	72.67	72.50	71.60
Dec	73.80	74.47	74.47	73.65
Feb	73.50	74.00	74.05	73.35
Apr	74.35	74.55	74.60	74.25
Jun	72.80	73.15	73.00	72.35
Aug	71.75	72.10	71.75	71.75

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Aug	52.72	52.67	52.85	52.12
Oct	43.62	43.52	43.87	43.25
Dec	43.52	43.65	43.72	43.30
Feb	43.60	44.15	44.10	43.40
Apr	42.35	42.72	42.76	42.32
Jun	46.90	47.15	47.20	46.90
Jul	47.15	47.45	47.45	47.15
Aug	45.60	46.00	46.00	45.60

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	42.62	42.77	42.90	42.00
Feb	47.17	47.62	48.15	46.80
Mar	46.77	47.22	47.70	46.65
May	47.90	48.10	48.90	47.60
Jul	49.00	50.00	0	48.60
Aug	45.60	46.52	0	45.00

LONDON STOCK EXCHANGE

Downward drift in shares continues

By Terry Byland, UK Stock Market Editor

INTEREST rate uncertainties continued to hang over the London stock market yesterday, and share prices gave up further ground in a market focused around speculative developments in the distillery sector. However, after the official close of the London markets the FT-SE future contract rallied sharply following indications of an easing of credit policies by the US Federal Reserve.

With Wall Street still down by 11 Dow points in London hours, UK equities were left to make their first response to the Federal Reserve's actions this morning. Analysts in the City of London commented that monetary easing in the US, while initially good for share prices, might be regarded as a sign that the US economy is still struggling to recover from the economic downturn.

Account Dealing Dates		
First Dealings:		
Jul 22	Aug 12	Sep 2
Option Declarations:		
Aug 8	Aug 29	Sep 12
Last Dealings:		
Aug 9	Aug 30	Sep 13
Account Day:		
Aug 19	Sep 9	Sep 23

*New-time dealings may take place from 8.30 am two business days earlier.

In the background hovered the uncertainty over the outlook for German interest rates when the Bundesbank meets again on August 15. A Bundesbank council member was reported yesterday as saying that a rise in German discount rate was "long overdue".

UK equities opened lower following poor performances from Tokyo and New York overnight, and made no significant recovery during the day. At worst, the Footsie was down by 12.6 and an attempted rally was defeated by Wall Street's weakness in the early part of the new session.

At the close, the FT-SE Index was 12.1 points down on the day at 2,573.3. Traders commented that the market appears to have settled into a new trading range based on Footsie 2,550 and that only definite signs of an economic recovery are likely to change this.

Trading volumes improved in London yesterday, with Seaq turnover at 431m shares compared with 333.6m in the previous session. However, interest lay with a handful of special situations and traders complained that business across the broad range of the market remained poor.

National Westminster ended the day firmly after heavy turnover which reflected a relatively favourable response to the interim results and, specifically, the absence of any fund-raising plans. The rest of the banking sector was also active, and TSB came in for determined buying although analysts were inclined to discount the sudden speculative demand.

A cash bid worth £236m for Invergordon Distillers from American Brands, the US tobacco group, via its Gallaher arm, inspired widespread gains in the drinks sector. The London market, sensing a bid fight, took Invergordon's shares to around 12 per cent above the 225p bid price offered from across the Atlantic.

ICI came in for renewed bid speculation after a US newspaper said that the Hanson camp was preparing to bid for the British blue chip chemical group, although some of the steam was taken out of the situation when Hanson's US arm merely repeated the boardroom line that the ICI stake was held for investment purposes.

Elsewhere, the mood remained subdued. Blue chip equities moved nervously behind an uncertain dollar, with Reuters and Glaxo both suffering setbacks. Among domestic issues, building and construction shares suffered afresh after the chairman of the National Council of Building Material Producers described prospects for this year and next as "dreadful".

FINANCIAL TIMES STOCK INDICES

	Aug 6	Aug 5	Aug 2	Aug 1	July 31	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.43	85.66	85.33	85.09	84.98	77.95	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.45	94.01	93.89	93.83	94.04	88.13	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1989.0	1999.4	2014.6	2006.7	2003.9	1748.4	2014.6 (2/8)	1606.3 (16/1)	2014.6 (2/8/91)	49.4 (26/6/40)
Gold Mines	176.6	177.1	180.7	189.2	186.0	196.7	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2573.3	2585.4	2601.7	2591.7	2588.8	2235.8	2601.7 (2/8)	2054.8 (16/1)	2601.7 (2/8/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1166.29	1174.63	1178.43	1174.74	1171.00	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.76	4.74	4.70	4.72	4.72	5.36				
●Earning Yld %(full)	8.19	8.15	8.09	8.11	8.12	11.63				
●P/E Ratio(Net)(*)	15.09	15.16	15.27	15.23	15.20	10.45				
SEAQ Bargns 4.45pm	26,377	25,656	27,356	26,549	28,625	27,925				
Equity Turnover(£m)†	-	693.10	911.63	814.06	855.37	1119.15				
Equity Bargains†	-	25,039	27,838	27,204	29,889	27,341				
Shares Traded (ml)†	-	319.0	412.2	416.3	374.0	422.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. * Nil 14.43

Ordinary Share Index, Hourly changes Day's High 1994.8 Day's Low 1987.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1991.0	1991.3	1992.6	1989.1	1989.9	1989.6	1988.8	1989.1	1990.1

FT-SE 100, Hourly changes Day's High 2580.4 Day's Low 2572.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2576.7	2577.0	2578.0	2574.4	2574.8	2575.7	2575.3	2575.0	2575.2

FT-SE Eurotrack 200, Hourly changes Day's High 1170.38 Day's Low 1163.99

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1169.34	1169.38	1165.79	1165.97	1166.29	1165.10	1165.11

GILT EDGED ACTIVITY

Indices*	Aug 5	Aug 2
Gilt Edged Bargains	88.6	91.1
5-Day average	81.4	78.9

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

NatWest report pleases

CLEARING bank National Westminster followed a trend in the sector with its disclosure of poor but better than feared half-year profits, and the market responded accordingly yesterday. The stock was one of the strongest in the Footsie list, rising 6 to 335p on a turnover of 12m.

NatWest was the last of the big four banks to report and analysts, who had been predicting a fall in profits to around £50m, were relieved to see a figure of £100m, even though it was down from the £430m posted for the same period last year. They were also comforted that the bank did not present shareholders with a rights issue.

They pinpointed the improvement in underlying profits once the provisions for bad debts had been stripped out, and Mr Peter Toeman of UBS Phillips & Drew said the bank had narrowed the gap between itself and Barclays. Traders said some of the turnover reflected investors switching out of Barclays, which lost 5 to 457p, and into NatWest.

Experts were busy reassessing their NatWest forecasts yesterday. Mr Toeman said he was looking for £350m this year, but the significant figure would be the 1992 final profit, which should be around £900m. Mr Tim Clarke of Panmure Gordon raised his estimate for 1991 by £35m to £507m and his 1992 figure by £83m to £970m.

Whisky bid

The drinks sector was caught by surprise when Whyte & Mackay, ultimately owned by US giant American Brands, launched a 225p a share cash offer for Invergordon Distillers. The shares jumped 92 to 255p as the market anticipated that it would take a higher price to win control of the company.

Other distilling issues were pushed up by the takeover move. Highland Distilleries advanced 27 to 296p while Macallan-Glenlivet climbed 15 to 240p. Japanese drinks giant Suntory yesterday converted its entire holding of Macallan 6.25 per cent convertible unsecured loan stock 2005, increasing its holding of ordinary shares from 18.2m to 29.6m, equivalent to 25.46 per cent of the company's equity.

Macallan shares yield 0.4 per cent; analysts said there was a large component of bid speculation in distilling company share prices.

ICI active

ICI leapt ahead in the afternoon session as a columnist in a popular US newspaper suggested Hanson was about to launch a bid for the company. Having drifted easier with the market, ICI shares staged a 28-point turnround from the day's low to peak at 1341p.

The shares eventually relinquished some of the gain as Hanson's US arm reiterated its position that it held a 2.8 per cent stake in ICI "for investment purposes". ICI ended at 1333p for a net improvement of 5. Turnover was a heavy 3.4m, the second busiest day's trading since May. Volume in Hanson was a brisk 6.3m as the stock eased a penny to 208p.

Burton query

Concern about Burton's £161m rights issue triggered heavy trading in the nil-paid stock. A total of 18m nil-paid shares changed hands at prices between ¼p and ¾p and the stock closed at ¾p, down from 1¼p. Analysts said the heavy nil-paid sales may be an indication that one of the bigger shareholders is not planning to take up its rights.

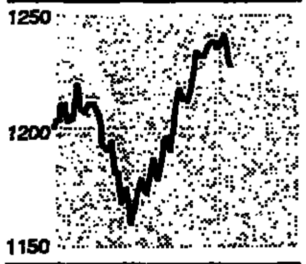
They added that there remains sufficient institutional support for a 60 to 70 per cent take-up; however, that will depend upon the ordinary shares remaining above the 30p rights price until Tuesday, the cut-off point for shareholders to take up their rights. Yesterday the ordinary ended ½ easier at 30½p.

The impact of a damning report by the National Council of Building Material Producers hurt the market yesterday. According to the document, the recession in the building industry will be deeper and longer than expected. RMC declined 10 to 646p on thin turnover. Redland fell 7 to 551p, Meyer 9 to 457p and Tarmac 5 to 22p. Pilkington dipped 4 to 150p on persistent selling which drove turnover to 3.2m.

Mr Andy Bell of securities house Kleinwort Benson said: "Everyone was expecting the forecast to be bad but not that bad." The sector had been showing signs of life last week as observers noted its strong underperformance against the market. However, the news ensured that the vitality was, according to one analyst, only "a dead cat bounce", a short-lived revival with no substance to it.

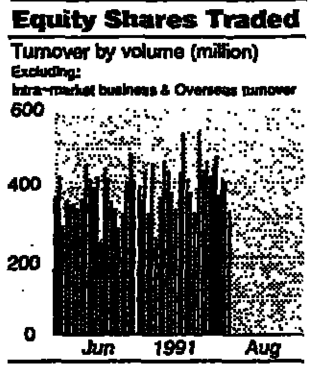
TSB, which goes ex-dividend on Monday, was the biggest riser in the Footsie – the shares moved forward 5¼ to 155p on a turnover of 5.4m. Analysts said fund managers were buying for the interim dividend income, and interest was also prompted by the impending change in the investment structure. At the end of September the shareholding limit will rise from 5 per cent to 15 per cent.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



SmithKline Beecham bucked the downward market trend for the second day in succession, gaining 6 to 781p. Traders said the stock had underperformed sharply last week when short-term sellers executed their orders after the company's results.

Yesterday, SmithKline secured a deal with Lunar Corp, of the US, to market a drug to treat the bone disorder osteoporosis. Lunar will receive $2m upon signing a definitive agreement, and royalty payments in the future.

BOC fell 11 to 574p in busy trade ahead of third-quarter results due tomorrow. Hoare Govett said yesterday that the shares were overvalued.

As the dollar continued to lose ground against sterling, international stocks further weakened. Fisons shed 9 to 481p, Glaxo 14 to 1263p and Reuters 11 to 805p.

There was heavy trade in British Gas, including a block of 5.9m shares transacted at 268½p. Traders assumed that Hoare Govett, Gas's broker, was once again buying for the company's share option schemes. Hoare would not comment. The shares added 2 at 268p as 16m changed hands in the busiest day's trading since late-May.

P & O dipped 8 to 578p as Kleinwort Benson advised caution, while British Airways shed 2 to 175p as 3.4m changed hands before its first-quarter results, scheduled for today. Analysts expect anything between a loss of £20m and nil profits, against the £156m profits made last time.

British Telecom firmed a penny to 386p on 5.7m traded after County NatWest issued a buy recommendation. Amstrad put on 2¼ to 53p in response to a Kleinwort Benson buy note. GEC lost a penny to 188p against a weaker market.

Monday's weakness in Hawker Siddeley continued yesterday and the shares ended 8 lower at 571p, with brokers Cazenove and Hoare Govett reported to be cautious towards the stock.

British Aerospace retreated 11 to 564p on turnover of 1.1m shares, with Hoare Govett, the company's broker, thought to have been acting for a big seller.

Simon Engineering eased 5 to 314p in nervous trade ahead of today's interim figures. Hoare is expecting half-year profits of £15m, while County NatWest has pencilled in £11m. Also reporting interims today is GKN, a penny easier at 338p. The range for analysts' forecasts for the half-year to June is between £42m and £55m.

Bid speculation that has fuelled the recent rise in Dowty appeared to fall away yesterday as the shares slipped 6 to 189p. Kwik-Fit continued in favour following last week's sale by Continental, of West Germany, of its 12.5 per cent stake in the UK company. The shares added 7 at 139p on volume of 2.1m.

Speculation that a South African company might have developed a catalyst that uses manganese instead of platinum pulled Johnson Matthey down 4 to 307p.

A re-evaluation of the relative performance of Williams Holdings and BTR by agency broker James Capel affected both stocks. Williams fell 7 to 320p, while BTR was 2 firmer at one stage but declined with the market later to end a net 4 off at 418p.

Ranks Hovis McDougall lost 5 to 264p as Nomura Securities said that any price war among UK supermarkets on own brand products could lead to suppliers accepting lower prices, particularly for bread and sugar. RHM, which is active in milling and baking, could be affected by any outbreak of hostilities between the supermarkets.

MARKET REPORTERS:
Daniel Green, Peter John, Joel Kibazo, Jim McCallum.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 16.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (50).
BRITISH FUNDS (8) Treas. 8pc 1991, Treas. 8pc 1992, Treas. 8¾pc 1993, Fd. 6pc 1993, Treas. 9pc 1994, Treas. 9pc 1992-96, Treas. 10pc 1996 B, Treas. 2pc IL 1992, Treas. 2pc IL 1994, BANKS (3) Lloyds, Schroders, Do. N/V, BREWERS (2) Highland Distlrs, Invergordon Distlrs., CHEMICALS (1) Cambridge Isotope Labrs., STORES (2) Oliver A, Reject Shop, ELECTRICALS (4) Admiral, Druck, Electronic Data, Real Time Control, ELECTRICITY (2) Fairey, Weir, FOODS (4) Cranswick Mill, Park, Shoprite, Sims, INDUSTRIALS (4) Betterware Consumer, MY, Mining & Allied Supplies, Portals, INSURANCE (2) Domestic & General, Lloyd Thompson, LEISURE (2) Invicta Sound, Owners Abroad, MOTORS (2) ERF, Kwik-Fit, NEWSPAPERS (1) Metal Bulletin, TEXTILES (1) Caldwell, TRANSPORT (3) British Airways Cap. 9pc Cnv., Tibbett & Britten, Tiphook, TRUSTS (8) American Tst. B, Five Arrows Chile, Do. Wrrnts., I & S Optimum Inc. Zero Div Prf., River & Mercantile, TR Technology Stppd. Prf., MINES (2) Doral Res., North Broken Hill Peko.
NEW LOWS (49).
CANADIANS (1) Imperial Oil, BUILDINGS (3) Costain, Fairbriar, Higgs & Hill, CHEMICALS (2) Astra, European Colour, STORES (3) Brown & Jackson, Burton, Clinton Cards, ELECTRICALS (2) Emess, Microvitec, ENGINEERING (2) Bailey (CH), Ransomes, FOODS (1) Matthews (B), INDUSTRIALS (4) Barrett (H), Jourdan (T), Levercrest, Pilkington Wrrnts., LEISURE (5) Intl. Media Comms., Marine Devs., TVS Entertainment, Do. 7.4pc Prf., TV-am, Thames TV, PAPERS (1) Gibbons Lyons, PROPERTY (8) Cardiff, Derwent Valley, Grainger Tst., Greycoat, Hemingway, Herring Son & Daw, London Secs., Do. 8pc Prf., TEXTILES (1) West Tst., TRUSTS (10) China & East Wrrnts., Drayton Cons., Drayton English & Intl., Do. Wrrnts., First Spanish Wrrnts., French Property, Do. Wrrnts., New Frontiers Dev., Rutland, Sumit, OILS (3) Ex. Co. of Louisiana, Kelt Energy, Richmond, MINES (2) Glencar Explr., Sons Gwalia.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	100	503	-6	Coalite	27	125	-1	Lucas	1,100	137	-1	Seeboard	397	194	-3
ASDA Group	1,800	87	-1	Courtaulds	252	433	-3	MB Caradon	537	337		Severn Trent Water	1,300	326	-2
Abbey National	2,500	300	-2	Dalgety	345	398	-3	MEPC	131	471	-2	Shell Transport	3,700	528	-3
Albert Fisher	1,100	113	-1	De La Rue	457	447	-1	Manweb	158	243	-3	Siebe	63	482	-1
Allied-Lyons	1,300	579	-4	Dixons	1,000	240	-2	Marks & Spencer	2,100	272½	-1½	Slough Ests	733	258	
Amstrad	1,800	53	+2½	ECC Group	129	443	-4	Maxwell Comms	809	195	-1½	Smith (W.H.) A	453	432	-6
Anglian Water	577	359	-3	Eastern Elect	593	172	-3	Midland Bank	2,800	230	-2	Smith & Nephew	1,300	132½	-1
Argos	327	322	-1	East Midland Elect	232	187	-2	Midlands Elect	320	198	-2	SmKl Beecham	2,100	781	+6
Argyll Group	2,000	302	-1	Enterprise Oil	182	519	-4	NFC	1,200	186	+1½	SmKl Beecham Uts	140	[illegible]	+13
Arjo Wiggins	1,800	280	-4	Eurotunnel Units	184	445	+1	NatWest Bank	12,000	335	+6	Smiths Inds	72	282	-2
Ass. Brit. Foods	240	540	-1	FKI	1,500	64	-1	National Power	5,600	151	-2	Southern Elect	241	194	-4
BAA	285	432	-1½	Ferranti	835	7	-1	Next	938	33½	-1	South Wales Elect	35	235	-2
BAT Inds	3,100	731	-6	Fisons	1,300	481	-9	North West Water	2,200	384	+2	South West Water	303	334	-1
BET	2,100	211	-2	Forte	983	270	-1	Northern Elect	177	195	-3	South West Elect	266	192	-4
BICC	187	450	-4	Gen. Accident	752	563	-3	Northern Foods	84	509		Southern Water	467	313	-3
[illegible]															
British Gas	16,000	268	+2	Hillsdown	2,700	227	-4	Reed Intl	1,100	436	-5	Ultramar	1,600	276	
British Land	723	232	-1	IMI	57	246	-2	Rentokil	185	342	-1	Unigate	876	297	
BP	2,100	340½	-2½	ICI	3,500	1333	+5	Reuters	582	805	-10	Unilever	743	784	-4
British Steel	5,100	120	-2	Inchcape	963	371	-8	Rolls Royce	2,800	154	-3	United Biscuits	284	389	-3
British Telecom	5,700	386	+1	Kingfisher	393	535	-5	Rothmans	122	1080	-5	Utd. Newspapers	207	363	-5
Bunzl	3,200	96		Ladbroke	845	285		Ryl Bk Scotland	897	165	-1	Wellcome	611	711	-4
Burmah Castrol	83	582	-8	Land Securities	305	507	-3	Royal Insurance	2,000	408	-4	Welsh Water	595	358	-3
Burton	908	30½	-½	Laporte	22	561		Saatchi	614	15¼	-¼	Wessex Water	722	375	-1
Cable & Wire	1,000	578	+3	Legal & General	186	445	-1	Sainsbury	719	372	-2	Whitbread 'A'	257	489	-1
Cadburys	1,600	354	+1	Lloyds Abbey	411	427	+1	Scottish & New.	815	416		Williams Hldgs.	890	320	-7
Calor Group	242	225	-3	Lloyds Bank	2,100	379		Scot. Hydro-Elect.	1,300	114	-1½	Willis Corroon	202	314	-1
Carlton Comms	516	479	-3	LASMO	291	329	-2	Scottish Power	3,100	108½	-½	Wimpey	292	174	-3
Coats Viyella	2,100	189	-1	London Elect	167	188	-3	Sears	2,200	78½	-1½	Yorkshire Elect.	283	232½	-2½
Comm. Union	290	530	+3	Lonrho	867	243½	-1½	Sedgwick	218	263		Yorkshire Water	300	371	-3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

INDICATIONS that the US Federal Reserve had eased monetary policy caused a late flurry in the FT-SE futures market, the September contract rising by 10 points in after-hours' dealing, and offset worries about a rise in German rates, writes Jim McCallum.

The Fed signalled its intention for lower rates in its daily credit market operations. The New York money market had not expected the Fed to ease so soon and economists believe the Fed has targeted the Fed funds rate at 5½ per cent, down ¼ point.

The Fed's move came after the London stock market had closed. But in after-hours' futures dealing, the September FT-SE rose from 2,206 to a closing level of 2,217.

Futures dealers said that should lead the spot FT-SE index to be marked higher at this morning's opening, provided Wall Street hangs on to its initial gains.

The late rally reversed another day of losses for the London market, which had been worried about a rise in German interest rates.

The traded options market had another quiet session with the FT-SE index options dominating activity. Among the stock options, only Pilkington traded more than 1,000 lots.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]		11.00	[illegible]
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]		8.07	[illegible]
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]		12.63	[illegible]
[illegible]	[illegible]	Treas 10pc 1992	[illegible]		10.02	[illegible]
[illegible]	[illegible]	Treas. 8pc 1992‡‡	[illegible]		8.12	[illegible]
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]		10.49	[illegible]
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]		3.14	[illegible]
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	12.01	[illegible]
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	13.06	[illegible]
[illegible]	[illegible]	Treas 8¾pc 1992	[illegible]		8.47	[illegible]
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	10.02	[illegible]
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]	[illegible]	12.01	[illegible]
[illegible]	[illegible]	Funding 6pc 1993‡‡	[illegible]		6.40	[illegible]
[illegible]	[illegible]	Treas 13¾pc 1993‡‡	[illegible]	[illegible]	12.83	[illegible]
[illegible]	[illegible]	Treas. 8½pc 1994	[illegible]		8.80	[illegible]
[illegible]	[illegible]	Treas 14½pc 1994‡‡	[illegible]	[illegible]	13.20	[illegible]
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	12.52	[illegible]
[illegible]	[illegible]	Treas. 10pc Ln. 1994‡‡	[illegible]	[illegible]	10.02	[illegible]
[illegible]	[illegible]	Exch. 12½pc 1994	[illegible]	[illegible]	11.79	[illegible]
[illegible]	[illegible]	Treas 9pc 1994‡‡	[illegible]	[illegible]	9.29	[illegible]
[illegible]	[illegible]	Treas 12pc 1995	[illegible]	[illegible]	11.39	[illegible]
[illegible]	[illegible]	Exch 3pc Gas 90-95	[illegible]		3.48	[illegible]
[illegible]	[illegible]	Exch. 10¼pc 1995	[illegible]	[illegible]	10.20	[illegible]
[illegible]	[illegible]	Treas. 12¾pc 1995‡‡	[illegible]		11.72	[illegible]
[illegible]	[illegible]	Treas. 14pc '96	[illegible]	[illegible]	12.44	[illegible]
[illegible]	[illegible]	Treas. 9pc 1992-96‡‡	[illegible]	[illegible]	9.28	[illegible]
[illegible]						

Five to Fifteen Years

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

BRITISH FUNDS – Contd

Over Fifteen Years

Undated

Index-Linked

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

LOANS

Building Societies

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

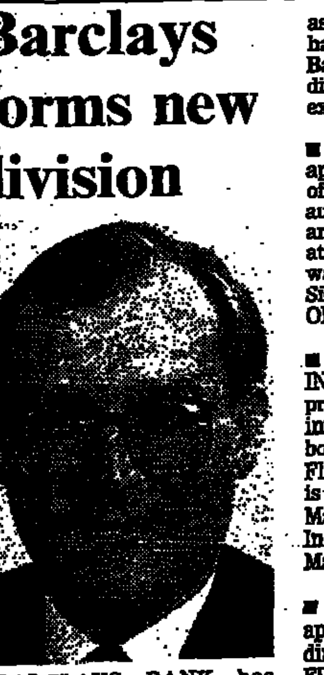
FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
[illegible]						

Continued on next page

APPOINTMENTS

Barclays forms new division



■ BARCLAYS BANK has appointed Mr Alex Jablonowski (pictured) as managing director, service business division. He was planning director. The division's detailed structure is currently being defined before it comes into existence on January 1.

■ PEEK, Abingdon, has appointed Mr Alan Carter as marketing director for Peek Traffic. He was sales and marketing manager, road traffic, at Siemens Plessey Controls.

■ CCHA HOUSING, Coventry, one of the largest housing associations in the country, has appointed Mr Charles Bartholomew as finance director, and a member of the executive board.

■ Mr Richard Mellor has been appointed general manager of the SIEMENS energy and automation manufacturing and engineering operations at Congleton in Cheshire. He was finance director of Siemens Measurements, Oldham.

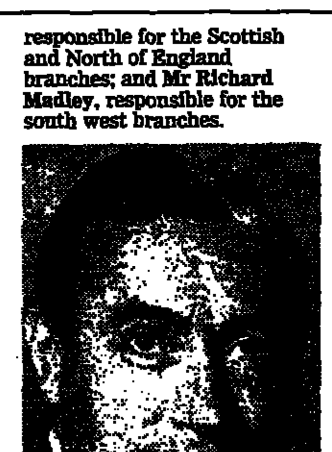
■ FLEMING AMERICAN INVESTMENT TRUST has promoted Mr Nigel Chapman, investment manager, to the board. He joined the Robert Fleming Group in 1972, and is a director of Fleming Capital Management Inc, and Fleming International Investment Management.

■ Sir Jasper Hollom has been appointed a non-executive director of CORPORATE FINANCE ADVISORY, a member of the Securities and Futures Authority.

■ Mr Alan Leslie has been promoted to a partner in the insurance industry group of ERNST & YOUNG.

■ Mr Stephen Hayes has been appointed personnel director at GEC AVERY, Warley. He was manager of the Thorn Lighting plant in South Wales.

■ PHILLIPS, fine art auctioneers, has appointed to the board Dr Niccolo Caderni, managing director of Phillips Europe; Mr Paul Roberts, responsible for the Scottish and North of England branches; and Mr Richard Madley, responsible for the south west branches.



■ ASSOCIATED BRITISH PORTS HOLDINGS has appointed Mr Alastair Channing (pictured) as deputy managing director from next month of its port operating subsidiary Associated British Ports. He is director, resources, and will retain his responsibilities as head of the resources department. Mr Channing will succeed Mr Martin Pudden who will be retiring in mid-September. Mr Peter Pike has been appointed commercial director from September 1. He is a master mariner, and was operations director of ACT (Australia).

■ Following a $1bn investment by Equity & Law's parent company, the AXA Group, in the US company Equitable Life, its president and chief operating officer, Mr Joseph J. Melone, is to join the board of EQUITY & LAW LIFE ASSURANCE SOCIETY. Before joining Equitable Life last November Mr Melone was president of the Prudential Insurance Company of America.

■ Mr Kenneth Minton has been appointed a non-executive director of MB-CARADON. He is chief executive of Laporte.

■ Dr Keith Henderson, operations director, has been promoted to managing director of PENTAGON CHEMICALS, Workington. Dr Peter Inglis is rejoining the board as a non-executive director.

■ SAFELAND has appointed Mr Richard Pryce as a non-executive director. He was senior auctioneer at Healey & Baker.

Top posts at Explaura

■ Mr Rudolph Agnew, former chairman of Consolidated Goldfields, and Mr David Singleton, former managing director of ARC Aggregates, have been appointed chairman and managing director respectively of EXPLAURA HOLDINGS. They are joint chairmen of Federated Aggregates which has signed a two-year agreement to advise Explaura on all aspects of production and marketing of aggregates mined at its quarry in Lower Cove, Newfoundland.

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories‡	31⅝	–⅛	$1.00	–	1.9
385p	257p	♥Allegheny & W 1c	291p	–2	30c	–	6.1
10¼	667p	Amdahl 5c	823p	–27	10c	–	0.7
42¼	25½	Amer Cyanamid $5	37½	–1⅛	$1.50	–	2.4
17⅞	9⅞	Amer Express 60c	15⅝	–⅛	92c	–	3.6
24½	15¼	American T & T $1	23⅛	–⅛	$1.32	–	3.4
38⅞	32½	Ameritech $1	34⅞	–⅛	$3.40	–	5.8
24	12⅞	BankAmerica $1⅞	20⅛	–⅛	$1.20	–	3.5
34¼	20⅛	Bankers N.Y. $1	33⅝	–⅛	$1.52	–	8.6
30½	24¼	Bell Atlantic $1	27¼	–⅛	$2.52	–	5.5
31¼	25	BellSouth Corp	27⅝	–⅛	$2.76	–	5.4
11¼	6⅞	♥Bethlehem Steel $8	9⅞	–⅛	40c	–	2.4
1839p	1046p	Bowater Inc	1508p	+1	$1.20	–	4.7
9½	4½	Brunswick 75c	8¼	–⅛	44c	–	3.0
54	37⅞	CPC Intnl 25c	50⅞	–1⅛	$2.00	–	2.4
852p	420p	California Engy	790p	–36	–	–	–
50	28¼	Campbell Soup 15c	46⅛	–⅛	$1.16	–	1.5
12⅞	5⅞	Chase Manhattan $12½	10⅞	–⅛	$1.20	–	6.6
9⅞	5½	Chrysler $6¼	7⅞	–⅛	60c	–	4.5
10⅞	5⅞	Citicorp $1	8¼	–⅛	$1.00	–	7.2
25	21⅞	Colgate-Palmolive $1	23	–⅛	$1.06	–	2.7
845p	438p	Cont'l Bank Corp $4	765p	–18	$1.00	–	7.7
21⅝	13⅞	Dana Corp $1	18⅞	–½	$1.60	–	5.0
1106p	203p	Data General	991p	+1	–	–	–
22¼	12⅞	Dial Crop $1.5	20⅛	+⅛	$1.40	–	4.1
29⅝	20⅞	Dun & Bradstreet $1	26¼	–½	$2.16	–	4.9
40	24¼	Eaton Corpn 50c	37	–⅞	$2.20	–	–
8½	5½	Echlin Inc	7⅞	....	70c	–	5.2
19⅞	14⅞	FPL Group 1c	18⅝	–¼	$2.40	–	7.6
30⅞	17⅞	Fluor Corp 62½c	25⅞	–1¼	32c	–	0.7
23¼	13¼	Ford Motor $1	18⅝	–⅞	$1.60	–	3.2
46⅞	28⅞	Gen Elect 63c	42	–⅞	$2.04	–	2.9
566p	270p	♥General Host Corp $1	458p	..	34c	–	4.4
45¼	20⅞	Gillette $1	23⅝	–⅛	62c	–	1.6
18¼	794p	Hasbro Inc 50c	16¼	–½	24c	–	0.9
38½	21¼	Honeywell $1½	33⅞	–⅞	$1.50	–	2.6
23	17⅞	Houston Inds $	22½	–¼	$2.96	–	7.8
72⅞	55⅞	IBM Corpn $1¼	58⅞	–⅛	$4.84	–	4.9
32½	18⅞	Ingersoll-Rand $2	29⅝	–⅛	$1.32	–	2.6
28¼	16½	Lockheed Crpn. $1	26½	–⅛	$1.80	–	4.0
2155p	1245p	Lowe's 50c	1959p	–28	56c	–	1.7
17⅞	9½	Manuf Hanover $1	16⅛	–⅛	♦$3.28	–	11.7
26⅞	10⅞	Merrill Lynch $1	23⅞	–⅛	$1.00	–	2.5
33⅞	21⅞	Morgan (JP) $2½	29⅞	–½	$1.98	–	3.9
41½	25⅞	Morris (Philip)	40¼	–⅛	$1.72	–	2.5
46¼	39	NYNEX $1	42⅞	–⅞	$4.56	–	6.3
89p	30p	♥Pac. Agricultural	30p	..	–	–	–
23½	11⅞	Pall Corp. 25c	20⅞	–⅞	b44c	–	1.3
46½	33¼	Pennzoil 83 1/3c	42⅞	–⅛	$3.00	–	4.2
40½	24⅞	Quaker Oats $5	35⅞	–1	$1.56	–	2.6
40¼	24⅞	Rep NY Corpn $5	38¼	–½	$1.40	–	2.2
17⅞	12¼	Rockwell Intl $1	15⅞	–⅛	86c	–	3.4
25⅞	12⅞	Sears, Roebuck 75c	23⅞	–¼	$2.00	–	4.9
34½	25⅞	Southwestern Bell $1	31⅝	–⅛	$2.94	–	5.3
20¼	14⅞	Sun Co. Inc. $1	17⅞	–⅛	$1.80	–	6.2
27¼	21¼	Tenneco $5	21⅛	–⅞	$3.20	–	8.5
40½	29⅞	Texaco $6.25	37	–⅞	$3.20	–	5.1
26¼	17¼	Texas Instr $1	19⅞	–½	72c	–	2.2
*64½	37⅞	Time Warner $1	49⅞	–⅞	$1.00	–	1.2
16½	8⅞	TRINOVA Corp	15	–¼	68c	–	2.7
510p	250p	♥Unilab	510p	....	–	–	–
29½	22½	Utd. Technologies	26⅞	–⅞	$1.80	–	4.1
92p	42p	♥Utilitech Inc	81p	..	–	–	–
23	18¼	US West‡	20⅞	–½	$2.08	–	5.9
162p	87½p	Varity Corp‡	138p	–2	$1.30	–	–
24⅞	16⅝	Waste Management $1	21⅝	–¼	44c	–	1.2
2191p	1053p	Whirlpool $1	2134p	–38	$1.10	–	3.0
20⅞	13½	♥Woolworth $3½	16¼	–⅛	$1.08	–	3.8

CANADIANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
11p	8½p	♥Abbot Energy Corp	10½p	..	–	–	–
1467p	953p	♥Amer. Barrick Res	1353p	..	8c	–	0.3
19½	13	Bk Montreal ‡	18½	–¼	$2.12	–	5.9
957p	536p	Bk. Nova Scot.‡	913p	–5	$1.00	–	5.6
825p	639p	♥BC Gas $1	811p	..	60c	–	3.8
23¼	17¼	BCE ‡	22½	–¼	$2.56	–	5.8
10½	647p	♥Brascan‡	945p	–6	$1.04	–	5.6
36p	19½p	♥Breakwater Res	20¼p	..	10c	–	25.2
1717p	1180p	Can.Imp Bank‡	1522p	–10	$1.32	–	4.4
11	855p	Can Pacific ‡	990p	–6	64c	–	3.3

For Varity see Americans

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

For EQUITIES see LONDON RECENT ISSUES

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

For EIT see ELECTRICALS

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TRANSPORT – Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS – Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
383	331	Anglian £1 ... α	359	–3	17.5	2.3	6.5	(7.8)
170	135	East Surrey 10p ...	170	...	8.0	2.7	6.3	(6.4)
178	155	Mid Kent Hldgs £1	173	.	a8.0	2.8	6.2	6.6
387	322	North West £1 ... α	364	+2	18.0	q2.5	6.6	(6.7)
406	327	Northumbrian £1 . α	358	–4	18.6	q2.9	6.9	5.5
370	300	Severn Trent £1 . α	326	–2	17.55	3.0	7.2	5.1
397	293	Southern £1 ... α	313	–3	17.7	q2.5	7.5	(5.9)
392	308	South West £1 ... α	334	–1	20.0	q2.7	8.0	(5.1)
394	323	Thames £1 ... α	360	–2	17.5	2.2	6.3	(7.9)
422	341	Welsh £1 ... α	358	–3	19.5	3.4	7.3	4.4
456	325	Wessex £1 ... α	375	–1	17.7	q2.5	6.3	(7.1)
401	335	Yorkshire £1 ... α	371	–3	17.7	q2.2	6.4	7.1

OIL AND GAS

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
18	12	Aberdeen Pet 10p α	15½	...	–	–	–	15.8
49	20	Alliance Res. 10p α	22		–	–	–	–
8½	3½	AmBrit Intl ... α	4	...	–	–	–	♦
40	23	Aran Engy 20p ... α	27	...	–	–	–	–
3½	3¼	Arrow Pet. 10c ...	3¼	.....	–	–	–	–
7¼	3¼	Atlantic Res IrE.05 γ	3½	...	–	–	–	–
16	7½	Aviva Petroleum ... α	10	–¼	–	–	–	–
25½	15	Blackland Oil 10p β	16	..	–	–	–	–
[illegible]								
£18½	£13¾	Norsk Hydro Kr20 ..	£16½	+¼	Q21¼%	2.5	2.3	17.5
32½	26	North Sea Assets 5p β	29½	–½	–	–	–	8.3
£14½	£8¾	Occidental Pet. 20c.	£14½	+⅛	Q51.00	–	4.1	–
19	14	Ohio Res ...	16	..	–	–	–	–
12½	6½	Oliver Res. ... γ	9	.....	–	–	–	–
9	2	Pan Pacific Pet. ...	4	...	–	–	–	–
£201	£152½	Petrofina SA ...	£190	...	BFr421	1.8	5.0	11.0
121	105	Plcs. Pet. 5p ... β	108	...	–	–	–	♦
115	78	Pittencrieff 10p ... β	105	.....	4.5	2.1	5.7	8.0
58	42½	Premier Cons. 5p. α	46	.....	–	–	–	20.0
310	240	Presidio Oil A ... β	240	...	Q10c	–	2.5	–
460	313	Ranger Oil ... α	458	...	Q8c	–	1.1	–
75	17	Ramsay Oil & Gas 10p α	17	–1	–	–	–	–
£49½	£37½	Royal Dutch Fl 5 ...	£48½	–⅜	Q157%	1.8	4.9	11.5
173	134	Santos A50 25c ...	159	–2	h018.2c	2.2	5.5	8.3
202	147	Sceptre Res ...	157½	.....	–	–	–	–
546	419	Shell Trans. Reg ... α	528	–3	20.1	2.0	5.1	13.3
66½	58	Do. 7pcPf. £1 ... γ	63	.....	4.9%	–	10.4	–
180	98	Sovereign Oil ... α	110	.....	–	–	–	21.6
34	16	Teredo Petroleum 50p α	17	.....	–	–	–	–
£138	£115	Texaco 8pc Cnv ...	£127½	...	Q8%	–	6.3	–
£86¼	£57	Total B ...	£85½	–¼	46%	4.9	4.1	4.9
13	5½	Trident Pet ...	6	+½	–	–	–	–
114	84	Triton Europe 5p .. β	98	.....	Zs1.0	–	1.6	–
13	8	Tullow Oil 10p ... γ	9½	.....	–	–	–	–
14½	5½	Tuskar Res Ir 5p .. γ	8	–¼	–	–	–	–
1½	1	Utd. Energy 1p ... α	1¼	.....	–	–	–	–
1	0½	Do. Warrants ... β	0¾	.....	–	–	–	–
358	256	Ultramar ... α	276	.....	10.5	2.4	5.1	(9.3)
5	2½	Victoria Pet ...	4½	.....	–	–	–	–
167	103	Woodside A50c ...	149	–6	Q5c	♦	1.4	♦
7	2	XCL Sunrise ... α	2¼	.....	–	–	–	–

PLANTATIONS

Rubbers, Palm Oil

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
56	46	Anglo-East Plants ... β	48	.....	–	–	–
79	74	Bertam 10p ...	74	.....	2.0	1.3	3.6
49	34	Cons. Plants MS0.5 ...	42	.....	‡Q9.2c	1.0	4.2
44	34	Golden Hope Plts. MS1 ...	36	–1	Q6c	1.2	3.7
66	52	Highlands M50c ...	62	–4	Q20c	0.9	7.0

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
109	25	Nor-Quest Res ...	104	...	–	–	–
188	82	Oryx Gold Hldgs ...	149	–20	–	–	–
23	11	Ovoca Gold IR 2p . γ	13	...	–	–	–
44	20	Plateau Mining 20p ... β	21	....	–	–	–
598	404	RTZ 10p ... α	580	–5	19.5	2.2	4.5
11	3¼	Thorco Res. Inc ...	10½	...	–	–	–
10	5	Vizcaya Hldgs 5p ... β	6	.....	–	–	–
133	120	Young Group 10p .. β	123	...	5.2	1.7	5.6

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares.
γ Gamma refers to other traded instruments.
Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; *bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution.* Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.
Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not *subjected to same degree of regulation as listed securities.*
- ‡‡ Not officially listed.
- ¥ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement
- ! Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ¶ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from *capital sources k Kenya. m Interim higher than previous total.* n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91 G Assumed dividend and yield after pending scrip and/or rights issue H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991 Q Gross R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: *xd ex dividend; xc ex scrip issue; xr ex rights, xa ex all; xd ex capital distribution.*

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Craig & Rose £1 . β	648	...	
Finlay Pkg. 5p .... β	29	.....	
Holt (Jos) 25p ..... β	1978	...	
Helton Hldgs ... γ	33	...	
IRG ...	130	.....	
United Drug ...	170	.....	

IRISH

Cap. 8½% Ln. 2010 ..	£93¾	+1½
9pc Cap Ln. 1996 ..	£97½	+¼
Fin. 13% 97/02	£112½	...
Arnotts ...	170	–2

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	28
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	68
Vickers	19
Wellcome	40

Property

Brit Land	30
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines

Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	114 6	114 6	121 6	+0 2	9 46
High Inc Equity	6	133 1	136 7xd	145 4	-0 6	5 85
Worldwide Bond	6	202 9	202 9xd	215 4	-1 2	6 96
Capital Growth						
American Growth	6	199 7	199 7	213 3	-3 9	1 03
Asian Pacific	6	128 4	131 0	139 3	-2 6	1 13
Assets & Earnings	6	177 1	180 8	192 3	-1 2	3 01
Capital Reserve Acc	0	106 5	106 5	106 6	+0 3	7 12
Capital Reserve Inc	0	84 25	84 25	84 29	-0 25	7 12
Cmdty & Energy	6	76 62	76 62	81 94	-0 89	1 82
1992 Enterprise	6	63 19	63 19	67 58	-0 21	2 86
Euro Capital Acc	6	87 96	87 96	94 07	-0 21	1 44
Euro Capital Inc	6	84 03	84 03	89 87	-0 21	1 45
General	6	169 1	169 1xd	180 8	-1 0	2 77
Japan	6	95 91	95 91	102 5	-2 5	-
Mastertrust	6	89 32	89 32	95 53	-0 88	2 14
UK Growth Acc	6	157 4	157 4	168 3	+0 6	2 69
UK Growth Dist	6	101 1	101 1	108 1	+0 3	2 71
US Emerging Cos	6	66 34	66 34	70 95	-1 08	-
Income & Growth	6	301 0	301 0	321 9	-1 9	4 35
Ethical	6	50 48	50 46	53 98	-0 21	3 13
International	6	62 24	63 01	67 03	-0 85	1 31
Dividend & Growth	6	48 38	49 57xd	52 73	-0 21	5 69
Global Gwth & Sec	6	51 76	51 98	55 29	-0 07	1 81
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	982 0	982 0	1041 0		0
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace Aberdeen AB9 1QJ 0800 833580						

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Bishopsgate Progressive Mgmt Co (1200)F						
15 St James Place London SW1A 1NW 071-493 8111						
Progressive Inc	5	18 74	18 74	19 78	-0 07	0 87
Progressive Acc	5	28 24	28.24	29 80	-0 12	0 87
International Inc	5	19 59	19 80xd	20 90		1 04
International Acc	5	26 62	26 91	28 40		1 04
Can & Foreign Inc	5	232 5	232 5	245.4		0 48
Can & Foreign Acc	5	277 9	277.9	293 3		0 48
Special Sits Inc	5	205 8	205 8	217 2		0 82
Special Sits Acc	5	223 5	223 5	235 9		0 82
PEP Inc	5	134 5	137 0	144 6		2.09
PEP Acc	5	143 6	146 3	154.4		2.09
Growth Inc	5	81 72	81 72	86 25		0 50
Growth Acc	5	82.06	82.06	86 61		0 50
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F						
5 Giltspur St London EC1A 9DE 071-236 6441						
Dolphin Special Sits	5¼	119 4	119 4xd	127 7	-0 2	4 10
Dolphin Dividend	5¼	60 49	60 49xd	64 69	-0 73	6 80
Dolphin Int Inc & Gth	5¼	157 9	157 8xd	168 7	-1 8	4 74
Dolphin UK & Gen	5¼	34 06	34 25	36 63	-0 32	2 91
Dolphin Fund of Funds	5¼	47 41	49 45	52 85	-0 2	1 59
Britannia Life Unit Managers Ltd (1200)F						
190 West George St, Glasgow G2 2PA 041-332 3132						
Balanced Growth	6	75 99	75 99	81 27	-0 44	2 71
Do (Accum)	6	80 47	80 47	86 06	-0 47	2 71
Service Cos	6	62.62	62 62	66 97	-0 10	2 46
Do (Accum)	6	65 88	65 88	70 46	-0 11	2 46
Income Growth	6	42 25	42 25	45 18	-0 21	5 18
Do (Accum)	6	59 65	59 65	63 80	-0 29	5 18
Higher Yield	6	32 08	32 08xd	34 31	-0 13	5 18
Do (Accum)	6	40 49	40 49	43 30	-0 16	5 18
American Gth Inc	6	31 76	31 76xd	33 97	-0 52	1 28
Do (Accum)	6	32 36	32 36	34 61	-0 53	1 28
European Growth	6	26 25	26 25	28 08	+0 09	1 88
Do (Accum)	6	26 75	26 75	28 61	-0 04	1 88
Global Bond Inc	6	22 51	22.51	24 07	-0 09	6 58
Do (Accum)	6	26 01	26 01	27 82	-0 11	6 58
Managed P'folio Inc	6	25 00	25 09	26 83	-0 13	-
Do Accum	6	25 00	25 09	26 83	-0 13	-
Brown Shipley & Co Ltd (1000)F						
9-17 Perrymount Rd Haywards Hth 0444 412261/3/4/5						
Mngd P'folio Inc	6	80 95	80 95xd	86 21	-0 37	2.41
Mngd P'folio Acc	6	147 1	147 1	156 7	-0 70	-
UK General	6	116 8	116 8	124 4	-0 60	4 08

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Manulife Management Ltd (1200)H						
St George's Way, Stevenage Dealings 071-256 5858						
Growth Units	5¼	134 0	135 3	143 9	-1 2	3 79
Gilt & Fxd Int	5	146 8	146 8	154 4	-0 3	8 20
Intl Growth	5¼	146 9	146 9	156 3	-2 7	0 47
North American ♥	5¼	96 33	96 33xd	102 5	-2 2	0 55
Far East	5¼	118 0	118 0xd	125 5	-1.9	0 49
UK Smaller Cos	5¼	98 66	98 66	104 9	-0 4	3 51
European	5¼	53 46	53 46xd	56 99	-0 04	1 01
Japanese Growth	5¼	36 156	36 16	38 75	-0 71	0 00
Managed P'folio	5¼	49 77	50 02	53 21	-0 64	1 35
High Income	5¼	150 5	152.2	161 9	-1 3	6 05
High Yielding Gilt	5¼	60 91	60 91xd	64 18	-0 07	9 77
Cash		51 46	51 46	51 46	+0 2	9 41
Geoffrey Morley Unit Mgrs Ltd (1200)F						
3 Bedford Park, Croydon CR0 2AQ 081-686 7818						
Exempt Unit Tst	4	116 28	116 28	123 72	-0 93	2 60
Exempt Smllr Cos	5¼	221 80	221 80	241 24	-0 38	1 40

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Marks & Spencer Unit Trust Ltd (1200)F						
PO Box 410, Chester X, CH99 9GG 0244 680066						
M & S Inv P'folio	5¼	111 6	111 6xd	119 3	-1 4	3.37
Do Accum	5¼	119.5	119.5xd	127.8	-1 4	3.37
UK Sel P'folio	5¼	96.93	96.93	103 6	-2.1	4.27
Do Accum	5¼	103 2	103.2	110.3	-2.2	4.27
Marlborough Fund Managers Ltd (1630)F						
7 Victoria Square, Bolton, BL1 1LA 0204 364842						
Managed Tst	5	49.44	49 78	52.95		4 98

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Murray Johnstone UT Mgmt (1000)H						
7 West Nile St, Glasgow G2 2PX 0345 090 933						
Acumen	5	70 52	70 77	75 53	-0 60	5 18
Acumen Reserve	3	64 77	64 77	66.71	+0.14	11.33
American Income	5	128.24	128.30	135 00	-2 90	3 16
Equity Income	5	84 91	84 91xd	90.62	-0.28	5.39
European	5	53.67	53 67	57 28	-0 36	1.11
Far Eastern	5	111 70	111.70xd	119 30	-2 30	1 83
Smaller Cos	5	43 44	43.44	46.37	-0 03	3.39
Olympiad	5¼	46.52	46 52	49.59	-0 79	0.75
Olympiad Income	5¼	43 97	43.97	46 84	-0.31	5.23
UK Growth	5	72.99	73 61	78.56	-0.38	2.06

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Rothschild Fund Management – Contd.						
RAM FSAVC Scheme						
UK Major Co's	5¼	72.20	73.28	77 13	-0.59	-
UK Smaller Co's	5¼	46 38	47.93	50 45	+0 07	-
UK Income	5¼	66 07	67 19	70.72	-0.58	-
America	5¼	66.97	67 94	71.51	-1.29	-
Japanese	5¼	41 67	42.20	44.41	-1.08	-
European	5¼	62.53	63.11	66.42	-0.26	-
Canadian	5¼	49.96	51 64	54.35	-0.57	-
Australasian	5¼	36.82	37.40	39.36	-0.37	-
Gilt	5¼	63 97	64 04	67 40	+0.04	-
Deposit	5¼	66.88	66 88	70.40	+0.02	-
Managed	5¼	70.13	71.31	75 06	-0.57	-

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	107.5	113.1	-0.6	-
Pension Managed Fd	106 0	111 6	-0 9	-
Life Deposit Fd	108.5	114 2	...	-
Pension Deposit Fd	114 2	120 2	..	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	111.5	117 4	..	-
Managed Growth	138.2	145 5	-0 6	-
Managed Opportunity	139	146 4	-0.6	-
NFMC Target Financial	104 2	109 7	-0 1	-
Pension Funds				
Managed Cautionary	121 9	128.4	..	-
Managed Growth	146 2	153 9	-0.6	-
Managed Opportunity	139 3	146 7	-0 6	-
NFMC Target Mngd Pens	1542.6	1623 8	-10 8	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	165.3	174 1	.	-
UK Equity	174 9	184.2	.	-
Overseas Equity	137 8	145 1	.	-
Fixed Interest	147 6	155 4	.	-
Property	132 3	139 3	.	-
Index Linked	147 1	154 9		-
Deposit	159 1	167 5	.	-
With Profits (B)	130 4	137 3		-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	354 9	373 6	-2 4	-
UK Equity	447 5	471.1	-3 1	-
Overseas Eq	349 6	368.1	-3 2	-
Americas	286 8	301 9	-4 1	-
Far East	375 3	395 1	-5.5	-
Property	192 1	202 3	.	-
Fixed Int	262 3	276 2	-0 4	-
Indexed Gilt	155.5	163 7	+0.1	-
Deposit	183 9	193.6	+0.1	-
Pension Fund (Accum Units)				
Managed	507 0	533 7	-3 8	-
UK Equity	602 1	633 8	-4 4	-
Overseas Eq	578 6	609 1	-7 1	-
Americas	368 8	388.3	-6 6	-
Far East	614 7	647 1	-10 6	-
Property	243.3	256.2		-
Fixed Int	325 2	342 4	...	-
Indexed Gilt	170 4	179 4	+0 1	-
Deposit	258 7	272 4	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	1119 1	1139 1	..	-

Prices August 1 Next dealing September 1

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	72 4	76.2	-0 5	-
Stock Market Mngd Fund	71 4	75 2	-0 6	-
Equity Fund	79 9	84.1	-0.5	-
International Fund	63 7	67 0	-0 8	-
European Fund	64.5	67 9	-0 1	-
North American Fund	73 3	77 1	-1 1	-
Pacific Fund	69 1	72.8	-1.0	-
Property Fund	79.5	83 7	-0 1	-
Fixed Interest Fund	59.5	62.7	.	-
Index linked Sec Fund	61.5	64.7	-0 1	-
Deposit Fund	70 5	74.3	.	-
NUAM Retirement Plans				
Mixed Fund	80.2	84.4	-0 7	-
UK Ordinary Share Fd	94 1	99 0	-0 8	-
International Fund	68 0	71.5	-0 9	-
Property Fund	82.5	86 9	+0 1	-
Fixed Interest Fund	72.8	76.7	.	-
Index Linked Sec Fund	65 5	68 9	-0 1	-
Deposit Fund	83 8	88 2	+0.1	-
NUAM (MF)				
Managed Fund	1020 5	1074.3	-7 7	-
Equity Fund	2184 6	2299 6	-15 8	-
International Fund	168 4	177.3	-2.2	-
Property Fund	504 6	531 2	-1 0	-
Fixed Interest Fund	447 0	470 6	-0.5	-
Index Linked Sec Fund	62.7	66 0	-0.2	-
Deposit Fund	290 6	305 9	.	-

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	114 13	120.13	+0.03	-
Managed Fd	98.99	104 20	-0 67	-
UK Ord Share Fd	104 73	110 24	-0 67	-
International Fd	92 99	97 88	-1.17	-
European Fd	88.58	93 24	-0 17	-
North American Fd	102 05	107.42	-1.50	-
Pacific Fd	83 21	87.59	-1.40	-
Property Fd	91.10	95 89	-0 17	-
Fixed Int Fd	105 70	111 26	-0 08	-
Intl Bond Fd	104 99	110.52	-0 66	-
Deposit Fd	114 09	120.10	+0.03	-
Unitised Pensions				
With Profits Fd	154.08	162.19	+0.05	-
Managed Fd	161 29	169 78	-1.32	-
UK Equity Fd	173.98	183.14	-1.49	-
International Fd	161 31	169 80	-1.97	-
European Fd	142.69	150 20	-0 26	-
North American Fd	172.28	181 34	-3 03	-
Pacific Fd	122.88	129.35	-2.09	-
Property Fd	150 06	157.95	+0 03	-
Fixed Int Fd	128.96	135.75	-0 11	-
Intl Bond Fd	133 55	140.58	-0 89	-
Bldg Soc Dep Fd	146 08	153 77	+0.04	-
Pensionvestor* & Unit-Linked Plus*				
Mixed Fund	436 6	459.6	+2.9	-
Ordinary Share Fund	659.0	693 7	+4 9	-
International Fund	176 2	185 5	+1.4	-
Property Fund	254 3	267 7	-0 7	-
Fixed Interest Fund	359 9	378 8	+1.5	-
Index-Linked Sec Fund	184 6	194.3	+0 4	-
Deposit Fund	261 1	274.8	+0 5	-
Norwich Units Aug 15	1053.59		..	-

*Prices as at July 31

	Bid Price	Offer Price	+ or -	Yield Gross
Jersey Investment Plan				
With Profits Fund	114.83	120.88	+0 04	-
Intl Equity Fund	94 31	99 27	-1.21	-
Intl Bond Fund	112.91	118 85	-0.75	-

Pearl Assurance (Unit Funds) Ltd
Thorpe Wood Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or -	Yield Gross
Prop Dist (Gross)	139.1	146.5	+0 1	-
Prop Acc (Gross)	251.5	264 8		-
Equity (Gross)	867 4	913 1	-6.8	-
Managed (Gross)	597 0	628 4	-3.7	-
Prop Acc (Net)	120 0	126 4	.	-
Equity (Net)	202.5	213.2	-1 4	-
Managed (Net)	185 1	194 9	-1.0	-
International (net)	169 3	178.3	-2 0	-
Gilt & Fxd Interest	123 2	129 7	+0 2	-
Money Fund	130 6	137 5		-
Mixed Fund (Cap)	120 7	127 1	.	-
Mixed Fund (Acc)	121 9	128 4	. ..	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	648 1	682.3	-4 1	-
Ret Man (Series 2)	219 8	231 4	-1 4	-
Ret Cash	180.5	190 0	+0 1	-
Pens Mixed Fd (Cap)	131 2	138 1	. .	-
Pens Mixed Fd (Acc)	132.6	139 6	. .	-
Pens Stlg Fd (Cap)	97 6	102 8		-
Pens Stlg Fd (Acc)	98 6	103 8		-

Pegasus Assurance Ltd
Broad Quay Bristol BS1 4DJ 0272 230271

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Aggressive	97 8	103 0		-
Managed Balanced	101 1	106 4		-
Managed Cautious	108 0	113 7	..	-
Pension Funds				
Managed Aggressive	103 9	109 4	.	-
Managed Balance	105 6	111 2		-
Managed Cautious	108 7	114 5		-

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd
37-39 Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	141 0	149 0	-1 0	-
Building Soc Fd	209 0	220 0	.	-
Balanced	253 0	267 0	-1 0	-
European	186 0	196 0		-
GT Managed	180 0	190 0	-1 0	-
Gartmore Mngd	131 0	138 0	-1 0	-
German	133 0	140 0	-2.0	-
Gilt	162 0	171 0		-
Global	39 0	42 0		-
International Equity	186 0	196 0		-
Japan	207 0	213 0	-5 0	-
Leisure	48 0	51 0		-
Managed	44 0	47 0		-
Property	294 0	290 0	.	-
R. W. Imperial Gold	123 0	130 0	.	-
UK Equity	251 0	265 0	-1 0	-
Pension Funds				
American	256 0	270 0	-2 0	-
Building Soc. Fd	320 0	335 0	+1 3	-
Balanced	213 0	225 0	-1 0	-
European	200 0	211 0	-1 0	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	151.0	159.5	-0 5	-
Accum Equity	217.0	229 0	-1.0	-
Accum Managed	225 5	238.0	-1.5	-
Accum Free Stlr	170.5	180.0	-1.0	-
Accum World	124.5	132.0	-0 5	-
Accum Lifetime	110 3	110.3	-0 4	-
Pens Acc Equity	233 0	246.0	-2.0	-
Pens Acc Managed	279.5	294 5	-2.5	-
Pens Acc Intl	207.0	218.5	-3.5	-
Pens Acc Deposit	201.5	213.0	......	-
Pens Acc Free Stlr	186 5	198 5	-2.0	-

Providence Capitol Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	228 9	241.1	-2 0	-
UK Fixed Int Acc	180 1	190 0	-0 3	-
Intl Equities Acc	177.1	186.9	-1 9	-
UK Managed Acc	175 4	185.0	-1.2	-
Property Acc	224 9	237.3	.	-
Money Acc	130 6	137.8		-
Special Market Acc	142.5	150 4	-2.1	-
Japan Equity Acc	101 5	107 1	-2.2	-
North American Acc	106 2	112.1	-2.2	-
Pacific Acc	96 1	101 4	-1.8	-
Technology Acc	123 4	130.2	-1 7	-
Nat Resources Acc	58.1	61.3	-0 7	-
European Acc	102.0	107.6	...	-
Residential Prop Acc	96 1	101.4	..	-
Swiss Equities Acc	34 8	36 8	-0.3	-
Hong Kong Acc	68 4	72 2	-1.6	-
UK High Inc Eq Acc	73 8	77 9	-0 6	-
Int Fixed Interest Acc	58 3	61.5	..	-
Int Managed Acc	56 8	59 9	-0 5	-
HIP Managed Acc	118.9	125.4	-1 6	-
HIP Managed II Acc	101 0	106.5	-0.9	-
HIP Managed III Acc	108.1	114 0	-0 9	-
Total Investment Bond				
UK Equity Initial		155.4	-1.3	-
UK Fixed Int Initial		122.7	-0.2	-
Intl Equities Initial		119 8	-1.1	-
UK Managed Initial		119.5	-0.8	-
Property Initial		154.3	.	-
Money Initial		89.3	....	-
Special Market Initial		110.7	-1.5	-
Japan Equity Initial		78 8	-1 6	-
North American Initial		82.5	-1 6	-
Pacific Initial		74.7	-1.3	-
Technology Initial		95 8	-1.2	-
Nat Resources Initial		45.1	-0.5	-
European Initial		91.4		-
Residential Prop Init		91 8	.	-
Swiss Equities Initial		33 3	-0.2	-
Hong Kong Initial		63.3	-1.5	-
UK High Inc Eq Init		70.5	-0 6	-
Int Fixed Interest Init		56 4	-0.1	-
Int Managed Init		55 1	-0 4	-
HIP Managed Init		115.5	-1.5	-
HIP Managed II Initial		99.5	-0 9	-
HIP Managed III Init		107 7	-0 9	-
Broker Funds				
High Performance	73 8	77 8	-0.1	-
Towerhill Mngd Fd Acc	54.3	57.2	-0 1	-
YRA Executive Fd	95 7	100 9	-0.5	-
£ Global Growth Acc	130.0	137.1	-7 4	-
£ High Income Mngd Acc	141.5	149.2	..	-
IM Balanced		55.3	-0 7	-
H F Speculator Fd		129.8	-1.6	-
PEP Acorn II		114 5	-0.1	-
PEP Cautionary		100 0	.	-
AAFS Int Man Fund		127.5	-0.6	-
Andrew-Green Inv Port		85 0	-0.3	-
Individual Pension Funds				
UK Equity Acc	250.8	264 6	-2.2	-
UK Fixed Interest Acc	229 2	241 8	-0 4	-
Intl Equities Acc	227.3	239.8	-2.7	-
UK Managed Acc	191 8	202.3	-1.3	-
Property Acc	201.3	212.4	-	-
Money Acc	164.2	173.3	-	-
Special Market Acc	226 0	238 5	-3.2	-
Japan Equity Acc	160 9	169 8	-3.5	-
North American Acc	130.9	138 1	-2.8	-
Pacific Acc	180 0	189.9	-3.4	-
Technology Acc	159.9	168.7	-2 2	-
Natural Resources Acc	90.1	95.1	-1.1	-
European Acc	114 9	121.3	-0.1	-
Residential Prop Acc	103 4	109.1	..	-
Swiss Equities Acc	34 9	36.9	-0.2	-
Hong Kong Acc	70.5	74 4	-2.0	-
UK High Inc Eqy Acc	80.9	85 4	-0.6	-
Int Fixed Interest Acc	62.8	66.3	...	-
Int Managed Acc	58 0	61.1	-0.5	-
Group Pension Funds				
Equity Acc	807 6	832.6	-8 6	-
Fixed Interest Acc	674 8	695 7	+8.7	-
Managed Acc	138.8	141.5	-1.1	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Range (Pensions)				
Discretionary Fund		132.7	-0 4	-
Equity Fund		133.1	-1.0	-
Fixed Interest Fund		138.1	+0.3	-
International Fund		108 4	+0.3	-
Property Fund		138.2	..	-
Index-Linked Fund		132.4	+0.3	-
Deposit Fund		147 6	+0.1	-
S & F Consolidation		138.1	+0 1	-
S & F Balanced		147.7	-0.5	-
S & F Maximum Growth		108 4	-0.8	-

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	353 8	372.4	-2.2	-
Managed Init	265.7	279 7	-1 7	-
Equity Ord	523 2	550 7	-2.9	-
Equity Init	392 9	413.6	-2.2	-
Index Linked Gilt Ord	154.1	162.2	. .	-
Index Linked Gilt Init	120 9	127.3		-
Overseas Equity Ord	282.6	297.5	-3 6	-
Overseas Equity Init	212.2	223 4	-2.7	-
Property Ord	212 7	223.9	..	-
Property Init	159.7	168.1	.....	-
Fixed Interest Ord	206.5	217 4	+0 2	-
Fixed Interest Init	155.1	163.3	+0.1	-
Deposit Ord	175 4	184 6	+0.1	-
Deposit Init	131 7	138 6	..	-
Pension Funds				
Managed Ord	449 6	473 3	-3 1	-
Managed Init	337 6	355 4	-2.4	-
Equity Ord	682.9	718.8	-4 7	-
Equity Init	512.8	539 8	-3 6	-
Pen Ind Lkd Gilt Ord	172.5	181.6		-
Pen Ind Lkd Gilt Init	135.3	142.4		-
Overseas Equity Ord	321 8	338 7	-4 6	-
Overseas Equity Init	241 7	254.4	-3 4	-
Property Ord	265.2	279 2	+0.1	-
Property Init	199 1	209 6		-
Fixed Interest Ord	256.8	270.3	+0 2	-
Fixed Interest Init	192.9	203 1	+0.3	-
Deposit Ord	246.0	258 9	+0 1	-
Deposit Init	184 7	194 4	..	-

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Profund				
Managed July 31	257.7	268 5	..	-

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 071-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Holborn Series I Life Funds				
Managed	572.4	602.6	-2.7	-
Equity	1180 2	1242.4	-15 8	-
Fixed Interest	441.5	464 8	-0.3	-
Property	371 0	390 6	+0.3	-
Cash	320 5	337.4	+0 1	-
International	401 9	423.1	-6 4	-
Holborn Series II Life Funds				
Managed	556.5	585 8	-2 7	-
Equity	1144.3	1204 6	-15.3	-
International	390 9	411 5	-6.2	-
Fixed Intl	426 6	449 1	-0.3	-
Property	358 6	377 5	+0.3	-
Cash	310 1	326.5	+0 1	-
Pacific Basin	216 9	228.4	-6 4	-
North American	149.5	157 4	-5 1	-
European	182 4	192.0	-0 9	-
Holborn Balanced Gwth	112.9	118.9	-0 8	-
Holborn Strategic Gwth	114 8	120.9	-1 2	-

Prudential Holborn Pensions Ltd
30 Old Burlington St London W1X 1LB 071-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	578 7	609 2	-6.8	-
Equity	817 0	860 0	-13 0	-
Global Equity	241 6	254 4	-5 1	-
Fixed Interest	499 1	525 4	-0 3	-
Property	355 7	374 5	+0 9	-
Cash	206 6	217.5	+0.1	-
Index Linked Gilt	228 5	240 6	+0 9	-
Guaranteed	9 43			-
International Money	245 3	258 3	+1 6	-
North American	77 9	82 1	-1 7	-
Japanese	123 5	130 0	-3 2	-
European	103 8	109.3	+0 2	-
Special Situations	102 7	108 2	-1 0	-
Global Growth	91 1	95 9	-1 2	-
Smaller Companies	107 1	112 8	+1 1	-
International Small Cos	134 1	141 2	-2 1	-

Prudential Pensions Limited
Holborn Bars London EC1N 2NH 071-548 3281

Prudential Managed Funds

[illegible]

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JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

GT Management Plc

Merrill Lynch Guernsey

(For information only)

Mitsubishi Finance International Ltd

Morgan Stanley Japanese Warrant Fund NV

NM Financial Mngt Intl Ltd

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls as Fed eases

THE DOLLAR bounced off a low of DM1.7000 yesterday, but maintained a depressed tone as the US Federal Reserve eased its monetary stance. A signal of easier credit policy accompanied the Fed's action on the New York money market, when liquidity was added via overnight system repurchase agreements.

Federal funds were trading at the assumed target level of 5¾ per cent at the time and the move was taken to indicate that the target rate is now 5½ per cent.

This was not unexpected after last Friday's disappointing fall in July US non-farm payrolls. The employment data encouraged fears that a climb out of recession has stalled.

At the London close the dollar had rallied to DM1.7125, but was still well below Monday's finishing level of DM1.7200. It also fell to Y135.65 from Y136.65; to SFr1.4945 from SFr1.4985; and to FFr5.8225 from FFr5.8525. On Bank of England figures the dollar's index declined to 65.8 from 66.1.

Interest rate factors are dominating sentiment at present, with the market waiting for next week's meeting of the Bundesbank council, amid speculation about higher official German interest rates. The market still believes a rise in the discount rate is likely, to reduce the gap between official and wholesale rates, but yesterday's move by the Fed, and the weakness of the dollar, has dampened speculation about an increase in the Lombard rate.

Speaking in Frankfurt yesterday Mr Karl Thomas, regional head of the Bundesbank in the State of Hesse, played down the possibility of a flexible Lombard rate, moving in line with market rates. He also said the central bank has no plans to cut its rediscount quotas, the amount of money banks can take up at the discount rate, but he did say that a rise in the discount rate is overdue.

Nevertheless the D-Mark remains in demand, mainly because Germany appears to be the only major industrial country looking to tighten monetary policy at present. The German situation contrasts sharply with the US, and with Japan where political rather than economic factors are influencing the yen.

The D-Mark finished little changed against the yen in London, at Y79.20, against Y79.45 previously, but a move above Y80.00 is not ruled out against the background of Japan's financial scandals.

Sterling rose 20 points to $1.7120 against the dollar, but was weak within the European exchange rate mechanism, on speculation that easier US monetary policy will encourage lower UK rates.

The pound fell to DM2.9325 from DM2.9400; to FFr9.9675 from FFr10.0075; to SFr2.5575 from SFr2.5625; and to Y232.25 from Y233.75. Its index lost 0.1 to 91.1. Sterling remained third weakest member of the ERM grid, while the D-Mark moved to third from fourth strongest, as the Italian lira slid down the system.

£ IN NEW YORK

Aug 6	Latest	Previous Close
£ Spot	1.7140-1.7150	1.7105-1.7115
1 month	0.78-0.76pm	0.79-0.77pm
3 months	2.16-2.13pm	2.11-2.08pm
12 months	6.85-6.75pm	6.68-6.58pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug 6	Previous
8.30 am	91.3	90.9
9.00 am	91.2	90.9
10.00 am	91.3	90.9
11.00 am	91.3	91.0
Noon	91.2	91.0
1.00 pm	91.2	91.0
2.00 pm	91.0	91.0
3.00 pm	91.0	91.2
4.00 pm	91.1	91.2

CURRENCY MOVEMENTS

Aug 6	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.1	-20.7
U S Dollar	65.8	-12.6
Canadian Dollar	105.3	+2.7
Austrian Schilling	108.8	+11.5
Belgian Franc	110.4	-2.6
Danish Krone	107.8	+2.4
D-Mark	117.0	+23.7
Swiss Franc	109.4	+18.2
Dutch Guilder	113.3	+15.3
French Franc	102.1	-13.7
Lira	98.3	-30.1
Yen	137.9	+69.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Aug.5

CURRENCY RATES

Aug 6	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.789875	0.699201
U.S Dollar	5.50	1.33789	1.19808
Canadian $	8.95	N/A	1.57588
Austrian Sch	7	16.3423	14.4297
Belgian Franc	7.50	47.8363	42.2443
Danish Krone	9	9.00534	7.94268
D-Mark	6.50	2.32191	2.05052
Dutch Guilder	7.75	2.61745	2.31170
French Franc	10¼	7.90425	6.97762
Italian Lira	11½	1737.09	1535.58
Japanese Yen	5.50	183.692	163.598
Norway Krone	8	9.07424	8.01516
Spanish Peseta	-	145.409	128.426
Swedish Krona	10.00	8.43138	7.44847
Swiss Franc	6.00	2.02155	1.78933
Greek Drach	19	N/A	226.581
Irish Punt	-	N/A	0.767214

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Aug 5

OTHER CURRENCIES

Aug 6	£	$
Argentina	16917.7 - 16944.7	9905.00 - 9915.00
Australia	2.1845 - 2.1865	1.2785 - 1.2790
Brazil	603.800 - 604.660	353.400 - 353.700
Finland	7.0435 - 7.0560	4.1230 - 4.1260
Greece	320.800 - 327.200	187.330 - 191.070
Hong Kong	13.2390 - 13.2555	7.7605 - 7.7625
Iran	112.00*	70.00*
Korea(Sth)	1236.75 - 1256.65	725.10 - 730.90
Kuwait	0.49725 - 0.49735	0.29105 - 0.29115
Luxembourg	60.20 - 60.30	35.20 - 35.30
Malaysia	4.7295 - 4.7375	2.7730 - 2.7750
Mexico	5151.10 - 5155.85	3015.00 - 3016.00
N Zealand	2.9765 - 2.9605	1.7395 - 1.7420
Saudi Ar	6.3665 - 6.4640	3.7500 - 3.7510
Singapore	2.9410 - 2.9475	1.7235 - 1.7255
S Af (Cm)	4.8545 - 4.8660	2.8425 - 2.8450
S Af (Fn)	5.4840 - 5.5735	3.2050 - 3.2575
Taiwan	45.65 - 45.95	26.60 - 26.85
U A E	6.2515 - 6.3260	3.6715 - 3.6735

* Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 6	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.426	-3.90	5.39	67
Belgian Franc	42.4032	42.2443	-0.37	1.67	21
Italian Lira	1538.24	1535.58	-0.17	1.46	20
D-Mark	2.05586	2.05052	-0.26	1.55	19
Dutch Guilder	2.31643	2.31170	-0.20	1.49	12
Irish Punt	0.767417	0.767214	-0.03	1.31	5
Sterling	0.696904	0.699201	0.33	0.95	-4
French Franc	6.89509	6.97762	1.20	0.09	-58
Danish Krone	7.84195	7.94268	1.28	0.00	-57

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7062 - 1.7195	1.7115 - 1.7125	0.77-0.75cpm	5.33	2.13-2.10pm	4.94
Canada	1.9620 - 1.9715	1.9665 - 1.9675	0.45-0.36cpm	2.47	1.18-1.05pm	2.27
Netherlands	3.2935 - 3.3140	3.3000 - 3.3100	½-⅜cpm	1.59	1¼-1⅛pm	1.44
Belgium	60.20 - 60.60	60.20 - 60.30	12-7cpm	1.89	24-17pm	1.36
Denmark	11.3120 - 11.4015	11.3500 - 11.3600	1¾-1⅛orepm	1.65	4¼-3¼pm	1.32
Ireland	1.0940 - 1.1025	1.0945 - 1.0950	par-0.05cdis	-0.27	par-0.10dis	-0.18
Germany	2.9290 - 2.9410	2.9300 - 2.9350	½-⅜pfpm	1.79	1¼-1pm	1.45
Portugal	249.85 - 252.25	250.70 - 251.70	119-147cdis	-6.35	266-321dis	-4.67
Spain	182.75 - 184.30	183.40 - 183.70	24-30cdis	-1.77	73-83dis	-1.70
Italy	2190.30 - 2201.20	2192.50 - 2193.50	8-17liredis	-6.84	40-50dis	-8.21
Norway	11.4160 - 11.4910	11.4475 - 11.4575	1¼-½orepm	0.85	2¼-1¼pm	0.59
France	9.9510 - 10.0020	9.9625 - 9.9725	1¼-½cpm	0.98	2¾-2¼pm	1.05
Sweden	10.6090 - 10.6840	10.6400 - 10.6500	⅝-¼orepm	0.49	½dis-⅛pm	-0.02
Japan	231.75 - 234.40	231.75 - 232.75	¾-⅝ypm	3.55	2¼-1⅞pm	3.44
Austria	20.55 - 20.68	20.62 - 20.65	3¼-2¼gropm	1.60	8¼-8⅝dis	-1.62
Switzerland	2.5525 - 2.5625	2.5525 - 2.5625	¾-⅝cpm	3.23	1⅞-1⅝pm	2.83
Ecu	1.4265 - 1.4290	1.4270 - 1.4280	0.17-0.11cpm	1.18	0.37-0.28pm	0.91

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.91-3.86cpm. 12 Month 6.75-6.65cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7062 - 1.7195	1.7115 - 1.7125	0.77-0.75cpm	5.33	2.13-2.10pm	4.94
Ireland†	1.5565 - 1.5635	1.5605 - 1.5615	0.54-0.49cpm	3.96	1.65-1.55pm	4.10
Canada	1.1480 - 1.1490	1.1480 - 1.1490	0.36-0.29cdis	-2.87	0.75-0.80dis	-2.70
Netherlands	1.9240 - 1.9370	1.9295 - 1.9305	0.56-0.59cdis	-3.58	1.70-1.75dis	-3.58
Belgium	35.15 - 35.35	35.20 - 35.30	9.00-11.00cdis	-3.40	28.00-33.00dis	-3.46
Denmark	6.6175 - 6.6545	6.6300 - 6.6350	1.86-2.16oredis	-3.64	5.70-6.30dis	-3.62
Germany	1.7050 - 1.7165	1.7120 - 1.7130	0.50-0.52pfdis	-3.57	1.49-1.52dis	-3.52
Portugal	146.60 - 146.80	146.70 - 146.80	135-150cdis	-11.65	340-370dis	-9.68
Spain	106.85 - 107.55	107.00 - 107.10	61-65cdis	-7.06	174-182dis	-6.65
Italy	1277.25 - 1283.00	1280.75 - 1281.25	6.20-6.70liredis	-6.04	18.00-19.00dis	-5.78
Norway	6.6750 - 6.7120	6.6875 - 6.6925	2.32-2.62oredis	-4.43	7.05-7.55dis	-4.36
France	5.8005 - 5.8385	5.8200 - 5.8250	1.90-1.96cdis	-3.98	5.52-5.67dis	-3.84
Sweden	6.1960 - 6.2570	6.2150 - 6.2200	2.35-2.62oredis	-4.80	7.35-7.80dis	-4.87
Japan	135.25 - 136.50	135.60 - 135.70	0.18-0.20ydis	-1.68	0.51-0.53dis	-1.53
Austria	12.0125 - 12.0800	12.0750 - 12.0790	3.60-4.05grodis	-3.80	10.40-11.60dis	-3.64
Switzerland	1.4880 - 1.4980	1.4940 - 1.4950	0.27-0.30cdis	-2.29	0.76-0.81dis	-2.10
Ecu†	1.1940 - 1.2010	1.1970 - 1.1980	0.43-0.40cpm	4.16	1.23-1.19pm	4.04

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Aug 6	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11 - 10⅞	11 - 10⅞	11⅛ - 10 15/16	11 - 10⅞	10⅞ - 10¾	10¾ - 10⅝
US Dollar	5 13/16 - 5 11/16	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	6⅛ - 6	6⅜ - 6¼
Can Dollar	8½ - 8¼	8⅝ - 8⅜	8½ - 8¼	8⅜ - 8⅛	8 13/16 - 8 9/16	9 1/16 - 8 13/16
Dutch Guilder	9¼ - 8¾	9⅛ - 8⅞	9⅛ - 9	9⅜ - 9¼	9 7/16 - 9 5/16	9⅝ - 9½
Swiss Franc	8 - 7¾	8 - 7¾	7 15/16 - 7 13/16	8 - 7¾	8 - 7¾	7 15/16 - 7 13/16
D-Mark	9 - 8¾	9 - 8¾	9⅛ - 9	9¼ - 9⅛	9 7/16 - 9 5/16	9⅝ - 9½
French Franc	9¼ - 9⅛	9 7/16 - 9 5/16	9 7/16 - 9 5/16	9⅝ - 9½	9 13/16 - 9 11/16	9 15/16 - 9 13/16
Italian Lira	12 - 10	11½ - 10½	11½ - 11¼	11½ - 11¼	12 - 11¾	12¼ - 12
Belgian Franc	9⅛ - 8 15/16	9⅛ - 8 15/16	9 3/16 - 9 1/16	9 7/16 - 9 5/16	9⅝ - 9½	9 13/16 - 9 11/16
Yen	7½ - 7⅜	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7 - 6⅞
Danish Krone	9⅛ - 9	9⅛ - 9	9¼ - 9⅛	9½ - 9⅜	9⅝ - 9½	9¾ - 9⅝
Asian $Sing	4½ - 4	4⅝ - 4½	5⅝ - 5½	5 11/16 - 5 9/16	5 13/16 - 5 11/16	6 - 5⅞

Long term Eurodollars: two years 7 1/16-7 1/16 per cent; three years 7⅜-7½ per cent; four years 7 11/16-7 13/16 per cent; five years 8 1/16-8 1/16 per cent nominal. Short term rates are call for US Dollars and Japanese Yen, others two days' notice.

EXCHANGE CROSS RATES

Aug 6	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.712	2.933	232.3	9.968	2.558	3.305	2193	1.967	60.25	1.428
$	0.584	1	1.713	135.7	5.822	1.494	1.930	1281	1.149	35.19	0.834
DM	0.341	0.584	1	79.20	3.399	0.872	1.127	747.7	0.671	20.54	0.487
YEN	4.305	7.370	12.63	1000	42.91	11.01	14.23	9440	8.467	259.4	6.147
F Fr.	1.003	1.717	2.942	233.0	10	2.566	3.316	2200	1.973	60.44	1.433
S Fr.	0.391	0.669	1.147	90.81	3.897	1	1.292	857.3	0.769	23.55	0.558
H Fl.	0.303	0.518	0.887	70.29	3.016	0.774	1	663.5	0.595	18.23	0.432
Lira	0.456	0.781	1.337	105.9	4.545	1.166	1.507	1000.	0.897	27.47	0.651
C$	0.508	0.870	1.491	118.1	5.068	1.300	1.680	1115	1	30.63	0.726
B Fr.	1.660	2.841	4.868	385.6	16.54	4.246	5.485	3640	3.265	100.	2.370
ECU	0.700	1.199	2.054	162.7	6.980	1.791	2.314	1536	1.377	42.19	1

Yen per 1,000. French Fr. per 10. Lira per 1,000. Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
90	3-18	3-53	0	0-25
91	2-20	3-03	0-02	0-39
92	1-25	2-21	0-07	0-57
93	0-43	1-46	0-25	1-18
94	0-16	1-18	0-62	1-54
95	0-04	0-56	1-50	2-28
96	0-01	0-40	2-47	3-12
97	0	0-26	3-46	3-62

Estimated volume total, Calls 3597 Puts 856
Previous day's open int. Calls 26465 Puts 19367

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
93	3-10	3-10	0-02	0-50
94	2-14	2-31	0-06	1-07
95	1-24	1-59	0-16	1-35
96	0-45	1-28	0-37	2-04
97	0-19	1-03	1-11	2-43
98	0-07	0-48	1-63	3-24
99	0-02	0-33	2-58	4-09
100	0-01	0-22	3-57	4-62

Estimated volume total, Calls 160 Puts 30
Previous day's open int. Calls 1393 Puts 1707

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8250	1.81	2.15	0.01	0.19
8300	1.32	1.73	0.02	0.27
8350	0.85	1.35	0.05	0.39
8400	0.45	1.02	0.15	0.56
8450	0.19	0.75	0.39	0.79
8500	0.07	0.53	0.77	1.07
8550	0.03	0.37	1.23	1.41
8600	0.01	0.25	1.71	1.79

Estimated volume total, Calls 8404 Puts 3894
Previous day's open int. Calls 105208 Puts 101346

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8975	0.91	0.95	0	0.02
9000	0.67	0.72	0.01	0.04
9025	0.43	0.51	0.02	0.08
9050	0.22	0.33	0.06	0.15
9075	0.07	0.17	0.16	0.24
9100	0.03	0.09	0.37	0.41
9125	0.01	0.04	0.60	0.61
9150	0	0.02	0.84	0.84

Estimated volume total, Calls 785 Puts 1705
Previous day's open int. Calls 28083 Puts 20986

LIFFE EURODOLLAR OPTIONS
US$1m points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9325	0.77	0.51	0	0.09
9350	0.53	0.33	0.01	0.16
9375	0.28	0.19	0.01	0.27
9400	0.08	0.09	0.06	0.42
9425	0.01	0.05	0.24	0.63
9450	0	0.02	0.48	0.85
9475	0	0.01	0.73	1.09
9500	0		0.98	

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 2561 Puts 2890

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8825	0.98	1.48	0	0
8850	0.73	1.23	0	0
8875	0.48	0.98	0	0
8900	0.26	0.75	0.03	0.02
8925	0.10	0.54	0.12	0.06
8950	0.04	0.35	0.31	0.12
8975	0.01	0.21	0.53	0.23
9000	0	0.12	0.77	0.39

Estimated volume total, Calls 4328 Puts 2530
Previous day's open int. Calls 44968 Puts 35937

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT *
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sep	93-09	93-18	93-04	93-12
Dec	93-14	93-21	93-10	93-16

Estimated volume 24158 (20066)
Previous day's open int. 47244 (42609)

US TREASURY BONDS 8% *
$100,000 32nds of 100%

	Close	High	Low	Prev
Sep	96-04	96-05	95-30	95-29
Dec	95-12			95-05

Estimated volume 695 (389)
Previous day's open int. 3769 (3728)

6% NOTIONAL GERMAN GOVT. BOND *
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Sep	84.30	84.50	84.19	84.20
Dec	84.46	84.58	84.36	84.37

Estimated volume 41313 (20131)
Previous day's open int. 89431 (90334)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Sep	96.52	96.54	96.50
Dec	96.86	96.88	96.84

Estimated volume 781 (283)
Traded exclusively on APT

9% NOTIONAL ECU BOND
ECU 200,000 100ths of 100%

	Close	High	Low	Prev.
Sep	98.53	98.63	98.50	98.42
Dec	98.42			98.31

Estimated volume 55 (151)
Previous day's open int. 1239 (1232)

THREE MONTH STERLING *
£500,000 points of 100%

	Close	High	Low	Prev.
Sep	89.23	89.32	89.22	89.28
Dec	89.73	89.81	89.72	89.78
Mar	89.98	90.02	89.96	90.00
Jun	89.86	89.86	89.84	89.85
Sep	89.67	89.69	89.65	89.66
Dec	89.57	89.58	89.55	89.56

Est. Vol (inc. figs. not shown) 24156 (16548)
Previous day's open int. 137362 (136999)

THREE MONTH EURODOLLAR *
$1m points of 100%

	Close	High	Low	Prev.
Sep	94.02	94.03	94.00	94.04
Dec	93.67	93.67	93.64	93.67
Mar	93.60	93.60	93.58	93.61
Jun	93.20	93.19	93.17	93.20

Est. Vol. (inc. figs not shown) 2388 (2087)
Previous day's open int. 30021 (29781)

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev
Sep	90.66	90.71	90.62	90.63
Dec	90.68	90.72	90.63	90.64
Mar	90.86	90.90	90.83	90.83
Jun	90.96	90.96	90.94	90.95
Sep	91.10	91.14	91.10	91.11
Dec	91.24	91.25	91.21	91.23

Estimated volume 21084 (11632)
Previous day's open int. 121527 (120260)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Sep	90.10	90.10	90.07	90.08
Dec	90.17	90.17	90.14	90.13
Mar	90.44	90.47	90.45	90.41
Jun	90.57			90.54

Estimated volume 645 (989)
Previous day's open int. 4871 (4657)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev
Sep	92.08	92.12	92.07	92.13
Dec	92.25	92.27	92.24	92.29
Mar	92.52	92.56	92.49	92.53
Jun	92.73	92.75	92.72	92.76

Estimated volume 2049 (1098)
Previous day's open int. 17243 (17241)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Sep	2606.0	2620.0	2603.0	2623.0
Dec	2649.5	2651.0	2647.5	2666.5
Mar	2689.0			2707.0

Estimated volume 3798 (3936)
Previous day's open int. 38386 (37604)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev
Sep	1117.0	1127.0	1123.0	1126.0
Dec				

Estimated volume 46 (19)
Previous day's open int. 227 (219)

* Contracts traded on APT after trading hours

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
Sep	96-01	96-06	95-29	96-03
Dec	95-08	95-13	95-06	95-10
Mar	94-17	94-23	94-17	94-20
Jun	-	-	-	93-30
Sep	-	-	-	-
Dec	92-20	92-21	92-20	92-21
Mar	-	-	-	92-02
Jun	-	-	-	91-15
Sep	-	-	-	93-09
Dec	-	-	-	90-14
Mar	-	-	-	89-31

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sep	94.56	94.57	94.54	94.57
Dec	94.41	94.41	94.40	94.41
Mar	94.33	94.34	94.33	94.35
Jun	-	-	-	93.95
Sep	-	-	-	93.48

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.6671	0.6697	0.6669	0.6673
Dec	0.6645	0.6670	0.6635	0.6642
Mar	0.6630	0.6640	0.6615	0.6617

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sep	0.7322	0.7329	0.7314	0.7299
Dec	0.7303	0.7304	0.7292	0.7277
Mar	-	-	-	0.7271
Jun	-	-	-	0.7269

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sep	0.5805	0.5832	0.5807	0.5805
Dec	0.5757	0.5781	0.5757	0.5755
Mar	0.5730	0.5730	0.5730	0.5711
Jun	-	-	-	0.5672

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	94.01	94.03	94.00	94.02
Dec	93.64	93.66	93.63	93.66
Mar	93.58	93.59	93.56	93.59
Jun	93.19	93.19	93.16	93.18
Sep	92.70	92.70	92.68	92.69
Dec	92.17	92.17	92.14	92.16
Mar	92.15	92.15	92.12	92.14
Jun	91.95	91.95	91.92	91.94

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sep	386.35	386.85	385.50	386.70
Dec	389.15	389.55	388.45	389.50
Mar	-	392.55	391.55	392.50

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Aug	Calls Sep	Calls Oct	Calls Dec	Puts Aug	Puts Sep	Puts Oct	Puts Dec
1.575	13.15	13.15	13.15	13.15	-	0.08	0.36	1.28
1.600	10.65	10.65	10.77	10.78	-	0.22	0.63	1.85
1.625	8.25	8.18	8.43	8.69	-	0.50	1.10	2.54
1.650	5.75	6.08	6.40	6.92	0.07	0.98	1.73	3.41
1.675	3.60	4.21	4.68	5.38	0.41	1.72	2.60	4.53
1.700	1.78	2.70	3.29	4.17	1.17	2.70	3.83	5.87
1.725	0.71	1.70	2.31	3.14	2.61	4.20	5.37	7.42

Previous day's open int: Calls 363,147 Puts 309,451 (All currencies)
Previous day's volume: Calls 22,299 Puts 7,095 (All currencies)

PARIS

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	Yield	Open int.
September	104.82	104.96	+0.22	105.06	104.76	9.25	86,225
December	104.76	105.06	+0.22	105.16	104.76	9.24	12,899
March	104.68	105.00	+0.22	105.04	104.68	9.25	4,275

Estimated volume 64,303 Total Open Interest 103,399

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	Yield	Open int.
September	90.42	90.47	+0.06	90.48	90.40	9.59	22,078
December	90.58	90.62	+0.05	90.63	90.57	9.43	19,522
March	90.73	90.76	+0.04	90.74	90.73	9.28	4,858
June	90.79	90.80	+0.04	90.80	90.74	9.24	587

Estimated volume 8,251 Total Open Interest 47,045

CAC-40 FUTURES (MATIF) Stock Index

	Open	Sett price	Change	High	Low	Yield	Open int.
August	1767.0	1772.0	-3.0	1774.5	1767.0	-	10,342
September	1780.5	1785.5	-3.0	1785.5	1780.5	-	3,355
October	1793.5	1798.5	-3.0	1793.5	1793.5	-	74
December	1822.0	1823.0	-3.0	1822.0	1822.0	-	768

Estimated volume 1,951 Total Open Interest 14,539

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	Yield	Open int.
September	104.32	104.38	+0.16	104.46	104.32	9.33	2,325
December	-	104.38	+0.16	-	-	9.33	0

Estimated volume 765 Total Open Interest 2,325

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
101	-	-	-	-	0.13	-
102	-	-	-	0.01	0.22	0.50
103	-	-	-	0.03	0.39	0.75
104	1.08	-	-	0.12	0.66	-
105	0.40	1.12	1.47	0.46	-	1.52
106	0.11	0.72	1.09	1.14	-	-
Open Int	142,108	45,552	10,410	105,700	37,178	17,800

Estimated volume 32,754 Total Open Interest 358,748

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth	3-mth	6-mth	12-mth
1.7120	1.7044	1.6908	1.6731	1.6450

IMM-STERLING $s per £

	Latest	High	Low	Prev
Sep	1.7008	1.7066	1.7004	1.7020
Dec	1.6820	1.6874	1.6810	1.6828
Mar	1.6680	1.6680	1.6680	1.6674

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen Bank	11.5	Roxburghe Bank Ltd	12
Bank of Ireland	11	First National Bank Plc	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co	11	● Smith & Williamson Secs	11
Bank of Scotland	11	Robert Fraser & Ptnrs	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp	11
Citibank NA	11	C. Hoare & Co	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm.Bk.of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

London rates steady

THERE WAS no significant change in London interest rates yesterday, and little confidence about the timing of a cut in UK bank base rates. Large early help by the Bank of England, to relieve most of the day-to-day credit shortage, eased pressure on short-term rates, but had no fundamental impact.

Three-month sterling interbank was steady at 11-10⅞ per cent and 12-month money was unchanged at 10¾-10⅝ per cent.

UK clearing bank base lending rate
11 per cent
from July 12, 1991

Prices of short sterling futures rallied on Liffe following indications of an easing of the US Federal Reserve's monetary stance. September delivery closed at 89.31, after touching a low of 89.22.

The Bank of England initially forecast a credit shortage of £1,450m on the cash market, but revised this to £1,500m at noon and to £1,550m in the afternoon. Total assistance of £1,560m was provided.

In early operations the authorities bought £1,365m bills, including £1,140m bank bills outright, in band 1 at 10⅞ per cent. Another £225m bills were purchased for resale to the market on August 27 at 10 15/16 per cent. Before lunch a further £5m bank bills were bought outright in band 2 at 10⅞ per cent.

In the afternoon £105m bills were bought outright, by way of £100m Treasury bills in band 1 at 10⅞ per cent and £5m bank bills in band 2 at 10⅞ per cent. Late assistance of around £85m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £783m, with the unwinding of repurchase agreements on bills absorbing £410m, exchequer transactions £170m and bank balances below target £265m. These outweighed a fall in the note circulation adding £180m to liquidity.

In New York the US Federal Reserve added liquidity through overnight system repurchase agreements, when Federal funds were trading at the assumed target rate of 5¾ per cent cent.

In Frankfurt call money rose to 9.00 from 8.95 per cent, moving in line with the Bundesbank's Lombard emergency financing rate. Guidance on monetary policy may be provided at this week's securities repurchase agreement tender.

The Bundesbank has offered funds via a 35-day pact at variable bid rates. This will be required to replace an expiring facility totalling DM28.7bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug 6) 3 months US dollars		6 months US Dollars	
bid 5¾	offer 5⅞	bid 6	offer 6⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	8½	One month	5.53	Three year	6.97
Broker loan rate	7¾	Two month	6.04	Four year	7.15
Fed funds	5¾	Three month	5.67	Five year	7.59
Fed funds at intervention	-	Six month	5.82	Seven year	7.88
		One year	6.03	10-year	8.03
		Two year	6.67	30-year	8.24

Aug 6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.95-9.05	8.90-9.00	8.95-9.10	9.10-9.25	9.30-9.50	9.00
Paris	9¼-9⅛	9⅜-9½	9¼-9⅛	9½-9⅝	9⅝-9¾	9.25
Zurich	7⅞-7⅝	7⅝-7⅞	-	7¾-8	-	-
Amsterdam	8.75-8.88	9.04-9.12	-	9.22-9.30	-	-
Tokyo	7⅛-7¼	7 13/16-7 13/16	-	7⅞-7 15/16	-	-
Milan	10⅝-11	11⅜-11⅝	-	12-12⅛	-	-
Brussels	8.81-8.93	9⅛-9⅜	-	9⅛-9¼	-	-
Dublin	9-9¼	9⅝-10	10-10¼	10⅛-10¼	10⅛-10⅜	-

LONDON MONEY RATES

Aug 6	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11½	11	11⅛	11	10 15/16	10¾
Interbank Bid	8	10¾	10 15/16	10⅞	10 13/16	10⅝
Sterling CDs	-	-	10 15/16	10⅞	10 13/16	10⅝
Local Authority Deps	11	11⅛	11⅛	10 15/16	10 13/16	10¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11¼	10⅞	10 15/16	10⅝	-	-
Company Deposits	-	-	11⅛	11⅛	11⅛	11
Finance House Deposits	-	-	11	10 15/16	10 15/16	10⅝
Treasury Bills (Buy)	-	-	10 13/16	10⅝	10	-
Bank Bills (Buy)	-	-	10 13/16	10½	10⅛	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.83	5.85	6.07	6.33
SDR Linked Dep. Offer	-	-	7⅛	7⅛	7⅜	8
SDR Linked Dep. Bid	-	-	7⅛	7⅛	7⅛	7¾
ECU Linked Dep. Offer	-	-	9¾	9⅞	10¼	10¼
ECU Linked Dep. Bid	-	-	9⅝	9¾	9 15/16	10

Treasury Bills (sell): one-month 10 13/16 per cent, three months 10⅜ per cent, six months 10 per cent. Bank Bills (sell): one-month 10 13/16 per cent; three months 10 7/16 per cent. Treasury Bills, Average tender rate of discount 10.3082 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31 1991. Agreed rates for period Aug 26 1991 to September 24 1991. Scheme I: 12.31 p.c. Schemes II & III: 12.38 p.c. Reference rate for period June 29, 1991 to July 31, 1991 Scheme IV&V 11.136 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from August 1 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent, three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent. Under £100,000 7½ per cent from July 15 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

CAF Money Management Co Ltd
The CBF Charities Deposit Account
Cent. Bd. of Fin. of Church of England
Gartmore Money Management Ltd

Money Market Bank Accounts

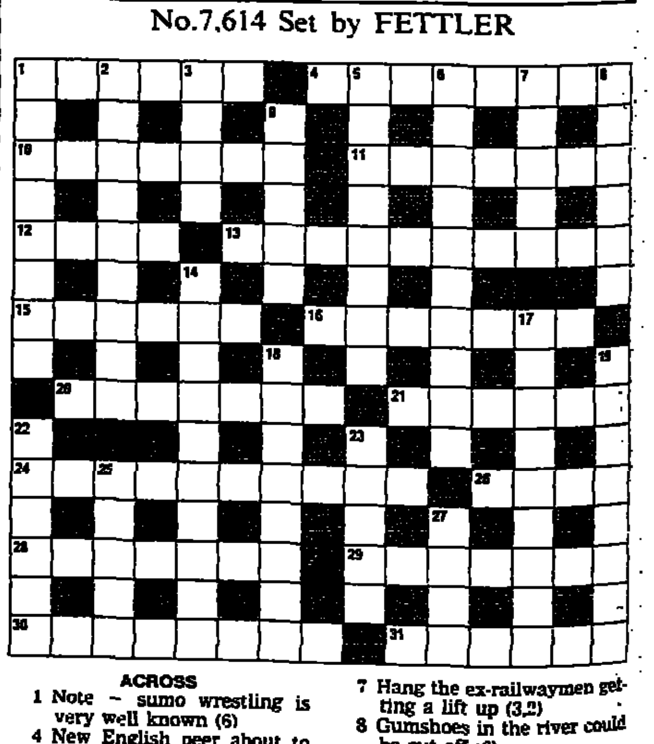
AIB Bank High Interest Cheque Account
Aitken Hume Bank plc
Allied Trust Bank Ltd
American Express Bank Ltd
Bank of Ireland High Interest Cheque Acc
Bank of Scotland
Barclays Capital Advantage Account
Barclays Prime Account H.I.C.A.
Benchmark Bank PLC Premier Account
Brown Shipley & Co Ltd
Caledonian Bank Plc
Cater Allen Ltd
Charterhouse Bank Limited
Clydesdale Bank PLC
Co-operative Bank
Coutts & Co
Dartington & Co Ltd
Financial & General Bank plc
Girobank plc
Kleinwort Benson Ltd
Lloyds Bank
Midland Bank
NatWest Crown Reserve Account
Provincial Bank PLC
Royal Bank of Scotland plc Premium Acc
Save & Prosper/Robert Fleming
Sterling Bank & Trust Ltd
Tyndall & Co Ltd
United Dominions Trust Ltd
J. Henry Schroder Wagg & Co Ltd
Western Trust High Interest Cheque Acc
Wimbledon & South West Finance PLC

[illegible]

JOTTER PAD

CROSSWORD

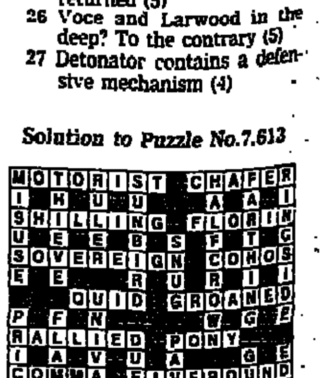
No.7,614 Set by FETTLER



ACROSS
1 Note – sumo wrestling is very well known (6)
4 New English peer about to turn up lineage (8)
10 Having been recorded, I'm tuned off-key (7)
11 Nervous tic ain't outsize (7)
12 Meagre list (4)
13 Fast film's a part lurid plot (5-5)
15 In traffic jam I'd stopped, bottled in (6)
16 Contorted drains. Name for entrails, perhaps? (7)
20 A copy needily reproduced (7)
21 Ale, about average, goes to the head (6)
24 May divide turbulent north with a barrier (5-5)
26 Audible r-rasp back in Northumberland (4)
28 Men indeed changed (7)
29 Caviare spread evokes covetousness (7)
30 Short skirts tempt the clergy (8)
31 Neglect to fabricate model (6)

DOWN
1 Notes fibber is common ... (8)
2 .... lying cad. Enmity is created (9)
3 It's archaic to count out ingredients (4)
5 Placing in the middle but lost about getting in (8)
6 Traced line is convoluted and entangled (10)
7 Hang the ex-railwaymen getting a lift up (3,2)
8 Gumshoes in the river could be cut off (6)
9 Empty day in queasy state is hardly this (5)
14 Promenades, especially with land/sea trips (10)
17 I've ground furiously when eating (9)
18 The ultimate in selected green produce (8)
19 Curious? Upper class printer is (8)
22 Way to enlarge bore's flow (6)
25 Moth (ragged), losing tail returned (5)
26 Voce and Larwood in the deep? To the contrary (5)
27 Detonator contains a defensive mechanism (4)

Solution to Puzzle No.7,613



WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices August 6

MONTREAL

3:00 pm prices August 6

Total Sales 5,755,400 shares

INDICES

NEW YORK

DOW JONES	Aug 6	Aug 2	Aug 1	July 31	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2989.04	3006.26	3017.67	3024.82	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.88	94.82	94.70	94.87	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1217.74	1223.20	1225.85	1220.56	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	202.43	202.78	201.46	201.77	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3019.68 (3042.26) Low 2978.76 (2994.41)

STANDARD AND POOR'S

	Aug 6	Aug 2	Aug 1	July 31	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	385.06	387.18	387.12	387.81	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	458.85	461.66	461.82	462.47	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	30.53	30.62	30.66	30.61	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	210.99	212.03	211.96	212.34	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	366.71	368.40	368.24	368.28	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	502.61	505.67	504.15	502.05	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	Aug 2	July 26	July 19	year ago (approx.)
Dow Industrial Div. Yield	3.07	3.10	3.04	3.84

	Jul 31	Jul 24	Jul 17	year ago (approx.)
S & P Industrial div. yield	2.70	2.77	2.74	2.94
S & P Indl. P/E ratio	19.50	19.02	19.74	16.95

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Gt Wstn Fnl	5,234,900	18⅞	+ ⅛
Heinz (HJ)	1,732,600	38⅞	+ ⅜
Citicorp	1,418,700	14⅛	- ⅛
USX-Marathon	1,380,300	27¼xd	- ⅛
MFS Intermed	1,335,200	7⅞	+ ⅛
IBM	1,299,200	100⅞	+ ⅝
Gen Motors	1,238,000	39¼	- ⅛
Time Warner	1,139,800	84⅝	- ⅞
Columbia Gas	1,139,400	14½	- ¼
Ford Motor	1,094,000	32	- ½

TRADING ACTIVITY

† Volume (Millions)	Aug 5	Aug 2	Aug 1
New York SE	125.790	162.050	169.920
Amex	9.373	13.760	11.089
NASDAQ	117.088	148.488	160.099
NYSE			
Issues Traded	2,075	2,083	2,068
Rises	549	889	663
Falls	997	672	892
Unchanged	529	522	513
New Highs	79	103	81
New Lows	12	7	11

CANADA

TORONTO	Aug 5	Aug 2	Aug 1	July 31	1991 HIGH	1991 LOW
Metals & Minerals	(c)	3163.64	3200.28	3222.29	3299.99 (18/7)	2632.06 (9/1)
Composite	(c)	3522.71	3537.15	3539.64	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1856.36	1861.59	1875.17	1876.33	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 6	Aug 5	Aug 2	Aug 1	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1579.3	1574.9	1582.9	1577.7	1582.9 (2/8)	1204.5 (16/1)
All Mining (1/1/80)	700.2	699.1	705.3	703.9	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	465.65	468.79	469.64	470.76	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1147.33	1147.20	1146.15	1141.67	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	378.79	379.55	380.04	379.10	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1003.7	1003.8	1014.5	1023.9	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	465.92	467.94	467.43	466.52	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1759.53	1762.22	1766.52	1766.81	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	670.62	673.33	669.85	675.29	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1894.50	1901.2	1890.0	1906.1	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1611.90	1622.03	1615.36	1622.56	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4021.27	4063.01	4059.48	4030.01	4063.01 (5/8)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1418.27	(c)	1423.38	1421.58	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	571.60	573.98	578.40	577.39	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23,464.96	23833.25	24027.97	24072.73	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1813.29	1834.47	1846.80	1852.22	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3065.28	3094.88	3109.22	3091.98	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	587.37	593.16	599.41	600.75	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	279.8	280.8	283.3	283.6	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.3	200.0	201.8	202.0	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	775.25	779.79	774.27	773.35	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1011.88	1017.87	1011.66	1007.74	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	396.08	396.36	400.40	401.31	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1291.04	1258.0	1282.0	1323.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4083.86	4071.0	4090.0	4093.0	4093.0 (1/8)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	763.10	758.18	733.03	714.95	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	271.99	273.03	271.20	269.35	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1093.30	1114.1	1121.70	1123.50	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	756.3	759.8	763.6	(c)	767.2 (16/7)	590.4 (14/1)
SBC General (1/4/87)	629.1	631.7	634.2	(c)	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4987.03	4981.65	5012.45	5141.41	6365.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	704.95	709.35	721.85	711.39	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	504.5	505.6	576.4	506.3	529.2 (17/4)	439.1 (16/1)

**Saturday July 27: Taiwan Weighted Price: 5140.30 Korea Comp Ex. 693.22.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 6 August 1991

	Stocks Traded	Closing Prices	Change on day
Nippon Carbon	4.4m	874	+8
Nippon Mining	4.3m	548	-25
Nippon Steel	3.5m	411	-6
Showa Shell Sek	2.2m	1,730	-40
Mitsubishi Matls	2.1m	592	-16
Clarion	2.0m	1,130	-40
Stanley Electric	1.9m	983	-27
Nikon	1.9m	1,090	-60
NKK	1.8m	389	-2
Hitachi	1.8m	1,120	-20

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

2:15 pm prices August 6

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp x	0.48	0.03	17	719	16⅛	16	16	
18¾	14½	A L Labs A	0.16	0.01	19	5	17½	17⅜	17⅜	-⅛
55¾	40⅞	AMP Inc x	1.44	0.03	20	465	52¼	51½	52½	+1
68⅝	44¼	AMR			11	1091	61⅞	61	61¼	
2⅝	1¼	ARX			1	7	1½	1⅜	1⅜	
86	41½	ASA	3.50	0.07	14	307	50⅜	50	50	-¼
54½	39¼	Abbott Lab	1.00	0.02	22	2192	u54½	53¾	54⅜	+¼
14½	9⅞	Abitibi Pr	0.50	0.04	25	6	14	14	14	
11⅝	10⅛	ACM Gvt In	1.26	0.11		595	11⅛	11	11⅛	
9¾	8¾	ACM GvOpp	1.01	0.11		94	9½	9¼	9¼	-⅛
9¼	8¼	ACM Gvt Sc x	1.01	0.11		356	9⅛	9	9	-⅛
11	9⅞	ACM Gvt Sc x	1.26	0.12		384	10½	10⅜	10⅜	-⅛
8⅞	7⅝	ACM Man	1.01	0.12		271	u8⅞	8¼	8¼	-⅛
12⅞	11½	ACM Managd	1.35	0.11		236	12¼	12⅛	12¼	
7½	4⅝	Acme Clevl x	0.40	0.06	18	71	7	6⅞	6⅞	-⅛
6	3½	Acme Elect			39	7	4	3⅞	4	
40	22¾	Acuson			23	351	33¼	33⅛	33¼	+¼
18¾	14¾	Adams Expr	0.48	0.03	0	44	18½	18⅜	18⅜	+⅛
20⅛	17½	Adobe12Pf	2.40	0.14		25	17¾	d17½	17⅝	-⅛
9¼	6¾	Adobe Res			19	10	6¾	d6¾	6¾	
38⅞	18	Ad Micro				3	34¼	34¼	34¼	-¼
14¼	4⅝	Ad Micro P	3.00	0.26	18	2851	11⅛	11	11⅛	+⅛
5⅛	2¼	Advest Grp	0.16	0.04	6	34	4	4	4	
49⅛	33⅞	Aetna Lf	2.76	0.08	7	4504	37¼	36⅛	36⅛	-1⅛
10⅝	6⅝	Ahil A	0.24	0.03	46	1253	8⅜	8	8⅜	+¼
20¼	12	Ahmanson	0.88	0.05	11	2307	18½	17⅝	18½	+¾
12¾	2⅞	Aileen Inc			15	191	11¼	11	11¼	+¼
74¼	51⅞	Air Pr Chm	1.56	0.02	14	743	65¼	65	65¼	+⅜

Continued on next page

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from previous page

Price data supplied by Telekurs.

NASDAQ NATIONAL MARKET

3:00 pm prices August 6

- X - Y - Z -

Stock	Div.	E	100s	High	Low	Last	Chng
XyRnx		35	3673	u27¾	26½	27¾	+1¼
XL Data		36	15291	u12¼	11¾	12⅛	+¼
Xoma Corp		12	2899	22⅞	22	22⅞	+⅞
Yellow Fr s	0.94	16	1513	30¼	29¾	30⅛	-⅛
York Rsch		6	5422	7⅞	6½	7	+⅛
ZionsUtah	1.44	9	21	46¼	46¼	46¼	-⅛

AMEX COMPOSITE PRICES

3:00 pm prices August 6

AMERICA

Dow recoups early loss as monetary policy eases

Wall Street

SHARE PRICES recovered from early losses yesterday morning, after bond prices jumped sharply in response to the unexpected timing of the Federal Reserve's easing of monetary policy, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 4.03 at 2,993.07. The more broadly based Standard & Poor's 500 staged a similar turnaround, standing up 1.64 at 386.69, while the Nasdaq composite of over-the-counter stocks edged 0.48 higher to 503.09. Turnover on the NYSE was 93m shares.

The Dow had been down by more than 10 points when the Fed intervened in the credit markets to push the Fed funds rate – the rate at which banks borrow excess reserves from each other – down to 5½ per cent. This 25 basis point reduction was interpreted as an easing of monetary policy, and immediately boosted bond prices.

Stocks responded quickly, with prices moving higher as long-term bond yields, and therefore interest rates, fell sharply. The Fed's move was seen as an attempt to breathe life into the economic recovery.

Among individual stocks, Time Warner rose $1⅞ to $86⅞ on volume of 1.1m shares, after the entertainment group announced that it had raised $2.76bn through its rights offering of 34.5m shares. The money from the rights issue, which had to be restructured after shareholders objected to the original terms of the offering, will be used to reduce Time Warner's debt.

Eljer Industries fell $⅝ to $11¼ as the market hoped that Hanson, the British company, would not go ahead with its proposal to buy Eljer for $20 a share, because of lawsuits against Eljer's US brass units.

Chrysler fell another $⅝ to $13 following its report of a big drop in July car sales. Ford, which reported higher sales, held steady at $32, and General Motors, where sales fell only slightly last month, added $¼ to $40¼.

Thiokol rose $⅞ to $18¾ after the company reported fiscal fourth quarter earnings of 94 cents a share, well above the 64 cents a share earned a year earlier, and higher than many analysts' forecasts.

On the over-the-counter market, Oshkosh Truck climbed $½ to $11 on news of fiscal third-quarter profits of 25 cents a share. Last year the truck maker made a loss of 28 cents a share.

Canada

A RETREAT by cyclical shares kept Toronto stocks at their lower levels at midday, with an apparent easing by the Federal Reserve unable to lift the gloomy market.

The composite index lost 12.9 to 3,509.8, on volume of 8.8m shares. Declines led advances by 212 to 134.

Among active shares, BCE Development was flat at 14 cents, Nova Corp eased C$⅛ to C$7⅝, Rogers Communications class B shares were unchanged at C$10½ and Alcan fell C$⅝ to C$23⅛. Alcan said its UK unit had reported a first-half, pre-tax loss of £3.2m, compared with a £8.4m profit a year earlier.

Also depressing the market were lacklustre results from Canadian Pacific. The giant transportation and energy company, which was flat at C$19⅛, said its second-quarter earnings had fallen to 10 cents per share from 32 cents.

New issues cast shadow on Mexican rally

Companies are likely to take advantage of current high values, writes **Damian Fraser**

THE PROSPECT of a flurry of new issues could dampen Mexico's apparently irrepressible bolsa – but, so far, investors are showing little concern. This year the market has jumped 95 per cent in dollar terms; last month alone it rose 14 per cent.

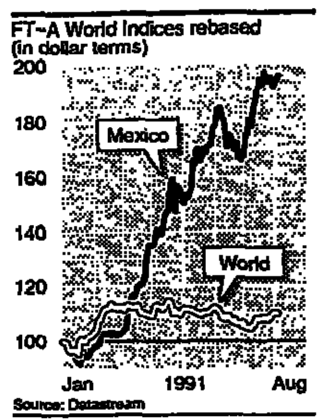
Mexican companies could soon start taking advantage of the current high values and issue new stock, putting some downward pressure on the market. On July 16, Gigante, the supermarket chain, made an initial offering worth $150m which was fully subscribed. Televisa, the giant television and publishing group, is expected to offer stock publicly soon. In all, there are 19 companies on a preliminary list to offer new stock.

The market has hardly budged so far in August, with the local stock market index marking time just below the 1,200 level, after ending last year at 629. Yesterday morning the index was down 2 at 1,183. But Mexican brokerages, such as Vector, the Monterrey-based house, expect further advances after a period of consolidation.

This year's rise has come on the back of economic and financial news which has cheered even the most cynical analyst. In May the government successfully placed $2bn worth of stock in Telmex, the telephone monopoly, in the international markets, and the US Congress gave President George Bush "fast track" approval to negotiate a North American free trade pact.

In June the government privatised three banks for 2.7, 3 and 3.4 times book value respectively, leading to a frenzy of bank speculation and a rally in financial shares.

Last month a string of economic figures confirmed that Mexico's economy was looking healthy. Inflation had slowed for the third month in a row, rising only 1 per cent in June. For the year, inflation looks likely to come in below 20 per cent, 10 percentage points less than last year. Interest rates also stabilised around 18 per cent, down from 22 per cent prevailing in early April.



While the trade deficit is growing – it reached $3.2bn in the first five months of the year – inflows of capital helped to push up reserves to $13.55bn. The threat of devaluation, never very great, has largely receded. Indeed, the government is soon expected to reduce the daily devaluation against the dollar of 40 centavos a day (5 per cent a year) to 20 centavos, or even to fix the peso to the dollar.

All this news has fuelled foreign investment – the main impetus behind recent rises in the market. Total foreign investment at the end of June was $9.4bn, out of a total non-government held market capitalisation of $59bn, and double the level of foreign investment at the end of February.

The stocks favoured by foreigners, mainly large companies geared to the domestic market and the banking sector, have pushed up the market recently. Telmex, Cifra, the supermarket chain, and Cemex, the cement company, have been almost entirely responsible for gains in the bolsa since May.

The fear is that foreigners may have overdone it; the price/earnings ratio of the 20 biggest stocks is now 16.5, according to Baring Research in Mexico City, approaching the level it reached before the global markets crash in October 1987.

John Govett, the London fund managers, reckons that the larger Mexican stocks are more vulnerable to a sudden sell-off than the smaller ones and, as a result, has decided to concentrate on buying small, less liquid Mexican stocks.

The tame reaction to the first-half profits announced last week suggests that most of the news about earnings and economic growth has been discounted. In real terms, the profits of the largest 20 quoted companies were up by 39 per cent from the same period last year, according to Baring Research.

Similarly, the privatisation of Banca Confia on Sunday for 3.7 times book value – the highest multiple for a bank privatisation to date – has had little effect on the bolsa.

In the long run, the forthcoming new listings bode well for the bolsa, making the market deeper and more liquid. In the shorter term, however, they make it unlikely that the bolsa will reward investors in the manner to which they have become accustomed.

EUROPE

Corporate stories provide the interest in quiet session

A FEW items of company news moved individual share prices yesterday, as the Continent's summer lull continued, *writes Our Markets Staff.*

FRANKFURT failed to be inspired by a firmer bond market, and drifted downwards in thin trading to end at the session's low. The DAX index fell 10.13 to 1,611.90, while the FAZ index, calculated at midsession, dropped 2.71 to 670.62. Turnover was little changed at DM3.7bn after DM3.6bn.

The few snippets of corporate news were mostly negative, giving investors another reason to stay away.

Siemens fell DM5.50 to DM650.80 as Siemens Nixdorf Informationssysteme, its computer unit, said it would cut 3,000 of its 51,000 jobs to save DM600m by the end of 1992. Dealers said that investors were also disappointed by the group's overall earnings.

The chemical sector was weaker, with BASF down DM3.50 at DM236, while utilities were slightly firmer. Veba rose DM2 to DM345.20 and Viag put on DM3 to DM386.50.

In an easier retail sector, Karstadt fell DM3 to DM579, still under pressure from its rights issue. But dealers said that the shares could recover when the rights stop trading on Thursday. They also pointed out that Karstadt was trading at less than 16 times 1991 earnings as opposed to Kaufhof, which was trading at more than 20 times.

Among second-liners, Maho, the machine tool manufacturer, fell DM6 to DM571 on news that it was experiencing adverse trading conditions in the US, UK, Italy and France. Some brokers expected the group to show a loss this year, and said that a cut in dividend could not be ruled out in spite of an expected profit at the parent company level.

PARIS had another quiet day, as the CAC 40 index ended 2.69 down at 1,759.53, recovering from a day's low of 1,752.45. Turnover remained light, but picked up to about FFr1.08bn from FFr733m.

FT-SE Eurotrack 100 - Aug 6							
Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1109.12	1108.76	1106.32	1105.03	1104.72	1104.54	1104.80	1105.49
Day's High 1109.29				Day's Low 1104.06			
Aug 5	Aug 2	Aug 1	Jul 31	Jul 30			
1110.63	1116.44	1114.40	1110.04	1107.96			

Base value 1000 (26/10/90)

Saint-Gobain, down FFr9.60 on Monday, lost another FFr13.10 or 2.9 per cent to FFr440 on volume of 117,790 shares. One analyst said the stock was overvalued, having outperformed the market this year by 13 per cent to the end of July. The glassmaker announced a slight rise in first-half sales, but the analyst said he expected a fall in interim profits of about 30 per cent.

Air Liquide, the industrial gases group, gained FFr7 to FFr657 on the news that it might complete the sale of its Lipha pharmaceutical arm earlier than expected.

Pernod Ricard, the drinks company, rose FFr19 to FFr1,200 on heavy volume of 55,875 shares.

OSLO concentrated on the release late in the day of first-half results from Den norske Bank. The bank's shares jumped NKr4 or 6.1 per cent to NKr70, as it reported a smaller-than-expected net loss of NKr921m. The all-share index lost 1.94 to 515.34 as turnover fell to NKr197m from NKr305m.

STOCKHOLM shed 1.9 per cent as investors withdrew from the market ahead of next month's elections. The Affärsvärlden General index dropped 20.8 to 1,093.3 in volume of SKr471m, more than double Monday's SKr187m.

MILAN eased in thin trading as investors hugged the sidelines. The Comit index fell 2.30 to 571.60 in volume estimated at near Monday's light L57bn. The market showed little reaction to the previous day's decision by coalition leaders to hold elections next May.

Mediobanca rose L120 at L16,130 in speculative trading on reports that Banco di Roma was considering selling its 7.7 per cent stake in the Milan merchant bank as part of a plan by the state holding company, IRI, to privatise it further.

MADRID fell 1.3 per cent, but in thin trading. The general index lost 3.46 to 271.99 in turnover of about Pta6bn, down from Pta8bn.

Repsol, the oil group, dropped Pta75 to Pta2,700 on volume of 214,478 shares, after announcing a rise in pre-tax profits for the first half of 15 per cent.

VIENNA drifted to its lowest level in nearly six months in listless trading. The all-share index fell 2.86 to 522.48, its worst level since mid-February during the Gulf War. The ATX index of 18 leading shares, introduced this year, fell 8.40 to a record low of 1,091.62.

AMSTERDAM continued to be held back by the weak dollar and fears of German and Dutch interest rate rises. The CBS tendency index closed down 0.5 at 92.6.

ZURICH closed above its day's lows after Wall Street's flat opening. Share prices had fallen earlier on worries about July's unchanged inflation figure, announced on Monday, and the lower dollar, which hit industrial shares. The Crédit Suisse index eased 3.1 to 541.8 in quiet trading.

BRUSSELS edged higher on the first day of the new forward account. The Bel20 index added 0.13 to 1,147.33.

ISTANBUL recouped Monday's loss, rising 2.5 per cent on optimism about the economic stability proposals, expected today. The 75-share index, down 66.88 on Monday, gained 78.14 to 3,222.41.

ASIA PACIFIC

Japanese equities remain in the doldrums

Tokyo

THE stock market remained in the doldrums yesterday as the first-section trading volume remained close to a seven-year low. There were signs that investors were considering taking profits, in the expectation that the Nikkei average would head lower, *writes Robert Thomson in Tokyo.*

The Nikkei closed 368.29 down at 23,464.96, following Monday's decline of 194.72. Volume for the day was 160m shares, against Monday's final 160.5m, near to the August 27, 1984, level of 155m shares. The lack of activity reflects the holiday season in Japan and the disenchantment of investors.

Losing stocks outnumbered gains by 797 to 118, while 155 issues were unchanged. The day's high for the Nikkei was 23,789.27, at the opening, while the low of 23,463.38 was recorded just before the close. The Topix index of all first-section stocks slipped 21.24 to 1,813.23 and the second-section index fell 29.6 to 3,065.28. In London trading the ISE/Nikkei 50 index eased 1.94 to 1,382.64.

Newspaper reports on the possible resignation of Mr Ryutaro Hashimoto, the minister of finance, prompted a sharp fall in the first 15 minutes of trading, although he later issued a statement suggesting that the reports were false. Traders said expectations that he might resign in coming weeks had given investors another reason to stay away.

Purchases by foreigners have kept the market from falling to even lower levels recently, but traders said the listlessness yesterday reflected Japanese investors' concern that the phase of foreign buying had ended. They noted that Japanese industrial companies were looking for opportunities to sell stocks for fund-raising reasons, while institutions are keen to take available profits.

Mr Brian Tobin, head of equity sales at S.G. Warburg Securities, said the thin volumes meant that brief bursts of buying or selling could move the market significantly.

Profit-taking affected sectors such as oil and mining. Mitsubishi Materials weakened Y16 to Y592, Nippon Mining Y25 to Y546 and Showa Shell Sekiyu Y40 to Y1,730. High-technology issues were also depressed, with TDK down Y160 at Y5,980 and Casio Computer losing Y50 to Y1,400. Nippon Telegraph and Telephone slipped Y11,000 to Y820,000.

The securities industry scandals have prompted individual investors to stay away from the market, although Japanese brokerages are planning advertising campaigns later in the month to encourage them to return. The Tokyo Stock Exchange reported yesterday that margin buying fell last week for the 12th consecutive week, highlighting the lack of investor interest.

Low trading volumes have made the market vulnerable to new twists in the series of financial scandals. Traders were swapping rumours yesterday about further problems in the banking industry, following the weekend news that a Fuji Bank branch manager, sacked for issuing fake deposit certificates, had links to Mr Hashimoto's private secretary.

In Osaka, the OSE average retreated 279.82 to 26,013.45, with volume at a sparse 10.8m shares, down from 11m.

Roundup

WEAKNESS on Wall Street and in Tokyo depressed most of the Pacific Rim yesterday, with the exception of South Korea and Australia. Bombay was closed to allow brokers to complete settlement work.

SEOUL advanced to another 1991 high in heavy trading, in spite of some profit-taking in financial issues. The composite index closed at 763.10, up 4.92, after turnover of Won890bn.

Investors turned their attention to large-capital manufacturers. Both Pohang Iron and Steel and Korea Electric Power, which together account for more than 20 per cent of the market's capitalisation, rose by their daily limits.

AUSTRALIA was led higher by a rising futures market. The All Ordinaries index ended at 1,579.3, up 4.4, in turnover of A$183m, up from A$95m. There was some optimism ahead of today's inflation data for the quarter ended June 30, which could lead to a further easing of interest rates.

The All Industrials index finished 4.6 higher at 2,407.4, helped by a 5 per cent surge in TNT shares. TNT, which had fallen from a year's high of A$1.66 registered in April, closed 4 cents better at 81 cents following thin trading on comments by Mr Kerry Packer, the media tycoon, that he intends to buy shares in the group.

HONG KONG succumbed to profit-taking after its four-day winning streak, on news that the government planned to take steps to combat residential property speculation. The Hang Seng index was down 41.74 at 4,021.27 in turnover of HK$1.63bn, after HK$1.48bn.

KUALA LUMPUR and SINGAPORE were both depressed by Tokyo. Malaysian shares were hardest hit as worries about rising inflation and a deteriorating current account deficit were compounded by a jump in interbank rates.

The KLSE composite index receded 5.79 or 1 per cent to 587.37 in volume of 27m shares, up from Monday's 24m. The Singapore Straits Times Industrial index eased 1.07 to 1,463.97 in volume of 37.8m shares, against 34.5m.

NEW ZEALAND fell for the fourth consecutive session as cash calls from Carter Holt Harvey and Air New Zealand aggravated the shortage of fresh funds available in the market. The NZSE-40 index shed 10.87 to 1,440.18 in turnover of NZ$18.3m (NZ$12.6m).

TAIWAN steadied after Monday's 3.5 per cent decline. The weighted index edged up 5.35 to 4,887.03 but turnover dipped to T$20bn from T$23bn.

SOUTH AFRICA

A RECOVERY in platinum and gold shares prompted a broad advance, as precious metal prices regained lost ground. The all-gold index added 33 to 1,291 and the industrial index rose 12 to 4,083. The overall index put on 38 to 3,470.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY AUGUST 5 1991								FRIDAY AUGUST 2 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	148.85	−0.6	129.05	128.57	133.11	127.07	−0.5	5.06	149.76	130.95	129.45	135.05	127.75	149.76	112.74	145.39
Austria (20)	177.47	+0.8	153.87	153.30	158.70	158.51	−0.6	1.75	176.15	154.03	152.27	158.84	159.43	222.37	167.00	259.45
Belgium (49)	131.44	+1.1	113.96	113.53	117.53	114.91	−0.2	5.13	130.03	113.70	112.39	117.26	115.12	151.20	121.73	150.67
Canada (115)	*139.28*	*+0.1*	*120.75*	*120.30*	*124.54*	*115.93*	*+0.0*	*3.26*	*139.10*	*121.63*	*120.23*	*125.42*	*115.93*	*142.27*	*126.49*	*139.93*
Denmark (37)	259.92	+1.1	225.36	224.52	232.43	235.71	−0.1	1.50	257.17	224.88	222.31	231.90	236.01	270.56	217.74	271.37
Finland (16)	99.48	−0.3	86.25	85.93	88.95	87.34	−0.6	2.76	99.81	87.27	86.28	90.00	87.85	125.15	90.00	138.17
France (109)	131.42	+0.5	113.94	113.51	117.51	120.65	−0.3	3.69	130.77	114.35	113.03	117.92	120.98	152.26	120.60	148.71
Germany (65)	108.45	+1.4	94.02	93.69	96.97	96.97	+0.5	2.32	106.95	93.52	92.46	96.44	96.44	125.35	102.03	132.90
Hong Kong (55)	169.54	+0.0	146.99	146.44	151.61	168.94	+0.0	4.11	169.57	148.28	146.58	152.92	168.95	169.57	119.62	128.56
Ireland (18)	*154.84*	*+0.6*	*134.24*	*133.75*	*138.46*	*141.35*	*+0.0*	*3.54*	*153.88*	*134.56*	*133.02*	*138.76*	*141.35*	*182.46*	*132.88*	*181.51*
Italy (77)	76.11	+0.0	65.99	65.74	68.05	73.15	−1.0	3.19	76.13	66.57	65.81	68.65	73.86	88.23	69.89	99.65
Japan (474)	131.48	−0.6	113.99	113.57	117.58	113.57	−0.7	0.74	132.28	115.67	114.34	119.30	114.34	146.97	118.35	132.34
Malaysia (68)	222.02	−1.3	192.49	191.77	198.53	238.39	−1.3	2.76	224.95	196.70	194.44	202.85	241.54	247.78	192.83	230.66
Mexico (16)	1146.45	+0.7	993.99	990.29	1025.19	3779.85	+0.7	1.44	1138.20	995.28	983.89	1026.39	3752.65	1152.58	534.45	544.95
Netherland (31)	140.61	−0.1	121.91	121.45	125.74	124.40	−1.0	4.31	140.80	123.12	121.71	126.97	125.63	145.73	125.70	142.44
New Zealand (14)	47.55	−0.6	41.22	41.07	42.52	43.88	−1.0	6.93	47.82	41.81	41.34	43.12	44.32	54.64	41.18	64.40
Norway (32)	202.18	+1.8	175.28	174.63	180.78	184.88	+0.8	1.59	198.56	173.62	171.64	179.06	183.40	223.24	182.24	266.13
Singapore (38)	196.99	−0.2	170.79	170.16	176.15	157.09	−0.9	2.18	197.40	172.62	170.64	178.01	158.47	208.25	151.63	187.80
South Africa (61)	237.63	−1.5	206.03	205.25	212.49	171.15	−0.6	3.17	241.34	211.03	208.61	217.62	172.12	258.65	173.00	187.46
Spain (54)	152.55	+2.2	132.26	131.77	136.41	124.64	+1.0	4.31	149.24	130.50	129.01	134.58	123.35	171.12	131.51	160.73
Sweden (25)	*192.65*	*+0.0*	*167.03*	*166.41*	*172.29*	*178.61*	*−0.9*	*2.48*	*192.72*	*168.52*	*166.60*	*173.80*	*180.31*	*204.12*	*146.60*	*219.32*
Switzerland (58)	94.47	+0.2	81.91	81.61	84.49	87.77	−0.5	2.20	94.32	82.47	81.53	85.06	88.21	100.67	82.17	97.83
United Kingdom (240)	176.55	+0.2	153.07	152.49	157.86	153.07	−0.6	4.79	176.12	154.00	152.23	158.80	154.00	187.44	156.27	167.76
USA (526)	156.07	−0.6	135.32	134.82	139.57	156.07	−0.6	3.11	156.94	137.23	135.67	141.53	156.94	158.24	125.95	134.67
Europe (831)	139.15	+0.5	120.64	120.20	124.44	123.12	−0.3	3.87	138.42	121.04	119.65	124.82	123.54	151.52	125.50	147.73
Nordic (110)	*189.99*	*+0.7*	*164.72*	*164.11*	*169.89*	*167.47*	*−0.4*	*1.94*	*188.72*	*165.02*	*163.13*	*170.16*	*166.07*	*200.81*	*155.55*	*214.79*
Pacific Basin (718)	132.87	−0.6	115.20	114.77	118.82	115.32	−0.7	1.10	133.66	116.88	115.54	120.53	116.09	145.92	117.86	132.66
Euro – Pacific (1549)	135.70	−0.1	117.65	117.20	121.34	119.23	−0.5	2.23	135.88	118.82	117.45	122.53	119.86	147.66	121.29	139.16
North America (641)	154.95	−0.5	134.35	133.86	138.59	153.36	−0.5	3.11	155.75	136.20	134.65	140.48	154.17	157.04	125.91	134.89
Europe Ex. UK (591)	116.93	+0.7	101.38	101.02	104.59	105.88	−0.1	3.18	116.07	101.49	100.35	104.69	106.02	129.80	106.85	134.41
Pacific Ex. Japan (244)	146.63	−0.5	127.13	126.68	131.14	130.82	−0.5	4.29	147.32	128.82	127.36	132.86	131.48	147.32	111.40	135.62
World Ex. US (1741)	137.48	−0.2	119.19	118.76	122.94	120.56	−0.5	2.27	137.69	120.40	119.03	124.17	121.17	148.16	122.32	139.89
World Ex. UK (2027)	139.50	−0.4	120.95	120.50	124.75	129.52	−0.5	2.32	140.01	122.42	121.03	126.26	130.19	145.77	120.06	133.99
World Ex. So. Af. (2206)	142.11	−0.3	123.21	122.76	127.09	131.41	−0.5	2.57	142.51	124.61	123.20	128.52	132.10	149.66	122.92	136.68
World Ex. Japan (1793)	150.04	−0.2	130.08	129.61	134.19	141.68	−0.4	3.43	150.27	131.40	129.91	135.53	142.32	152.83	126.69	140.76
The World Index (2267)	142.72	−0.3	123.74	123.29	127.63	131.75	−0.5	2.58	143.15	125.16	123.75	129.10	132.44	149.01	123.28	136.98

Latest prices were unavailable for this edition. Canadian and Irish markets closed August 5.